

# **Outlook for the U.S. Livestock and Poultry Sector in 2004**

**USDA Outlook Forum  
Washington, D.C.  
February 20, 2004**

# Highlights of 2003

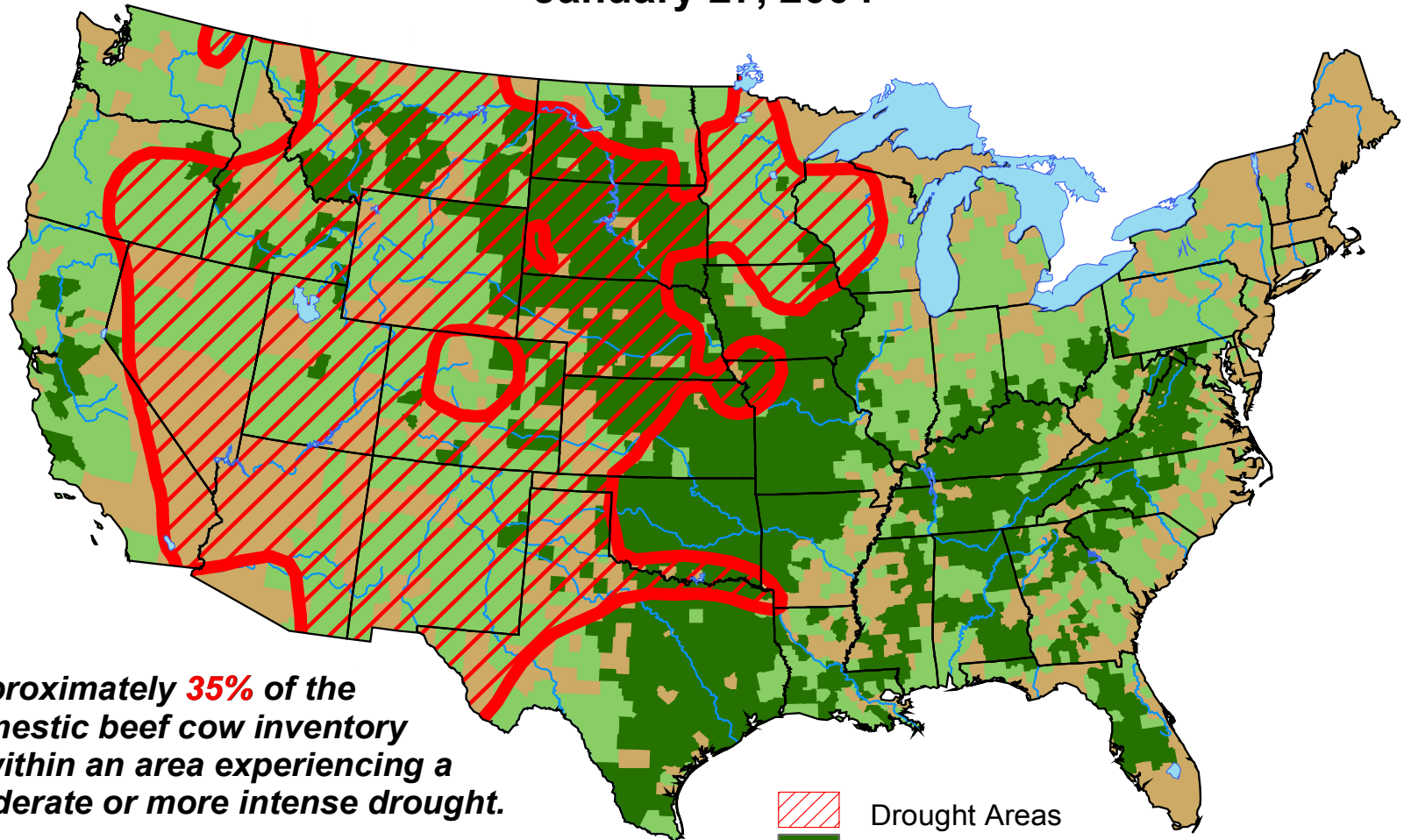
- **Improved prices for most commodities**
  - record high cattle and beef prices
  - record egg prices
  - strong hog prices given level of production
- **Record broiler and pork production**
- **Record beef and pork exports**
- **Record hog and pork imports**

# **Some Key Factors for 2004**

- **Industry has to adjust to BSE**
  - **new regulations for industry**
  - **restoring international markets**
- **Corn and soybean meal prices are higher**
- **Persistent drought has made forage conditions uncertain**

# ***U.S. Beef Cow Areas Experiencing Drought***




January 27, 2004



***Approximately 35% of the domestic beef cow inventory is within an area experiencing a moderate or more intense drought.***

Drought areas derived from the U.S. Drought Monitor product  
(<http://www.drought.unl.edu/dm/monitor.html>)

Beef cow areas derived from USDA 1997 Census of Agriculture data

-  Drought Areas
-  Major Beef Cow Areas
-  Minor Beef Cow Areas



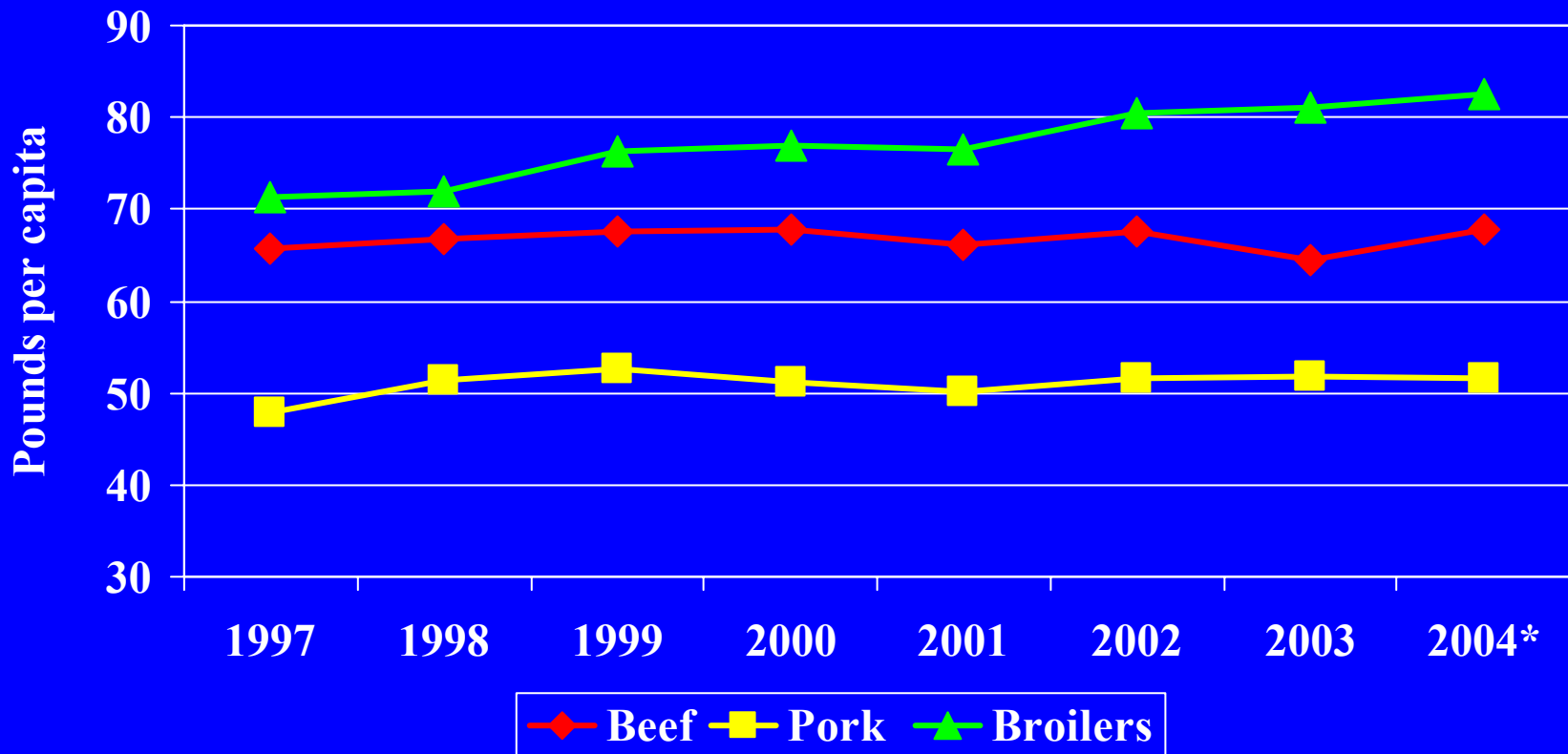
**World Agricultural Outlook Board**

# Some Key Factors for 2004

- **Industry has to adjust to BSE**
  - new regulations for industry
  - restoring international markets
- **Corn and soybean meal prices are higher**
- **Persistent drought has made forage conditions uncertain**
- **Economy is growing**
- **U.S. dollar is weaker**

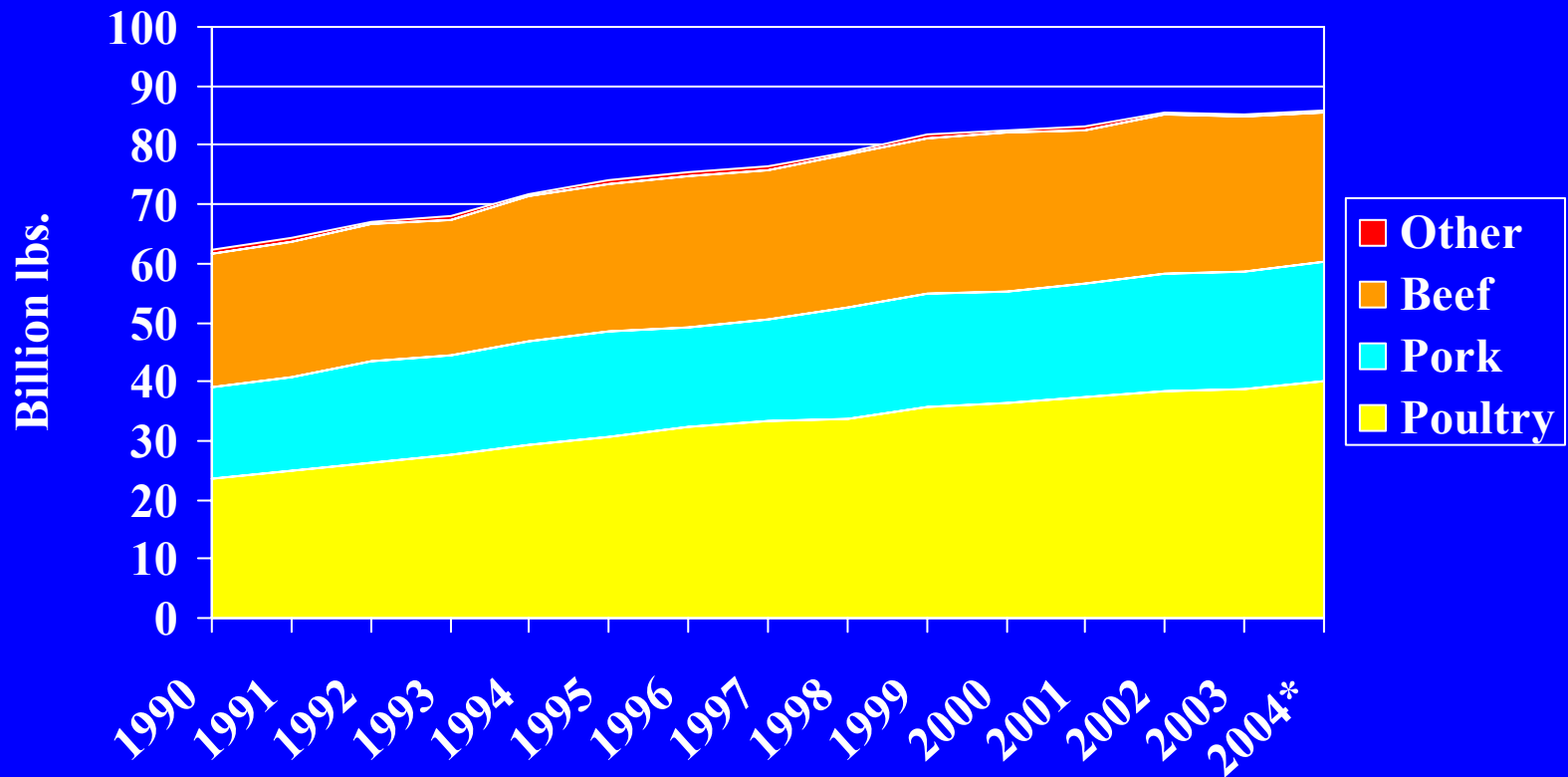
# Per Capita Meat Consumption Up in 2004

## Total Meat Consumption at 222 Pounds



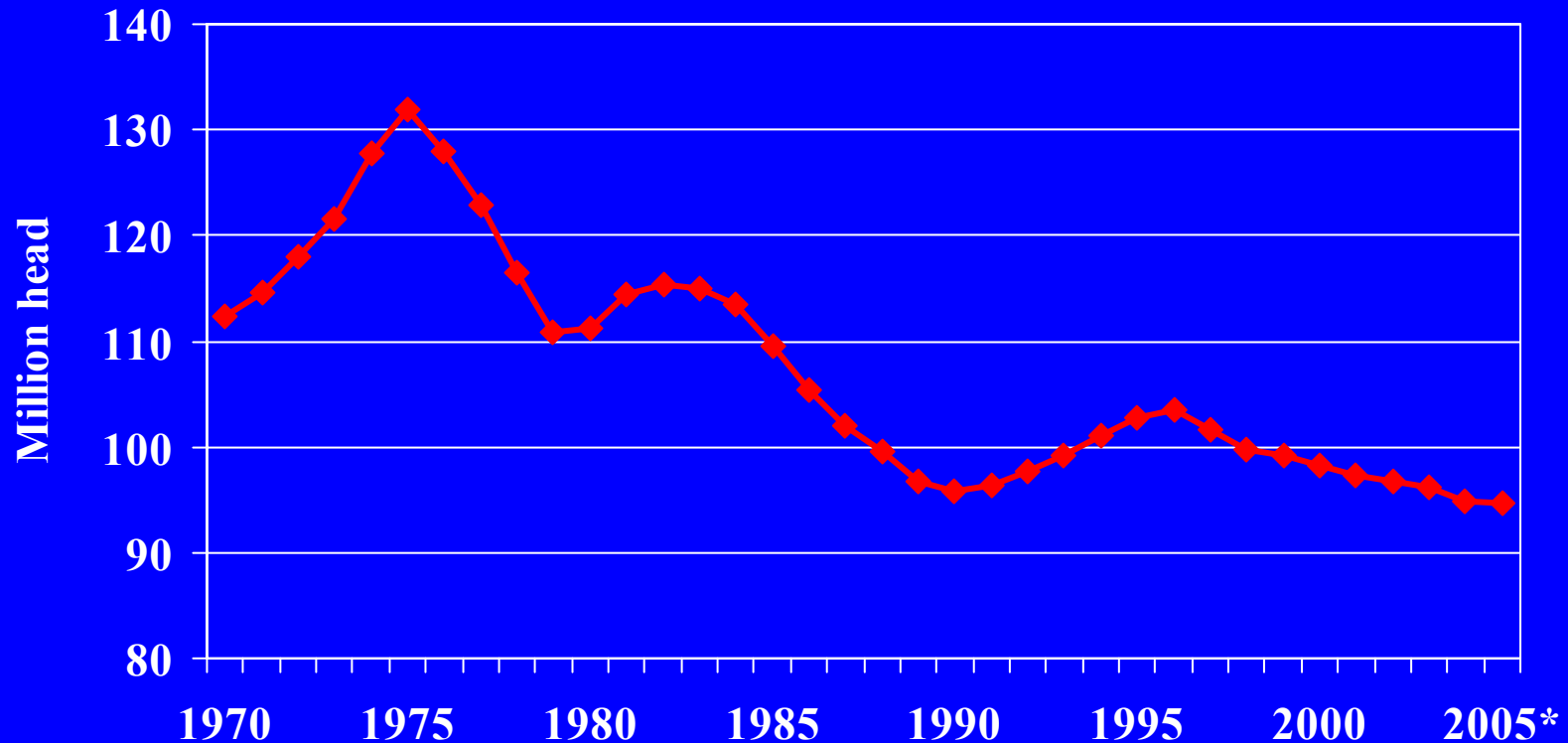
\* Forecast

# Total Red Meat and Poultry Production at Record 85.9 Billion Pounds



\* Forecast

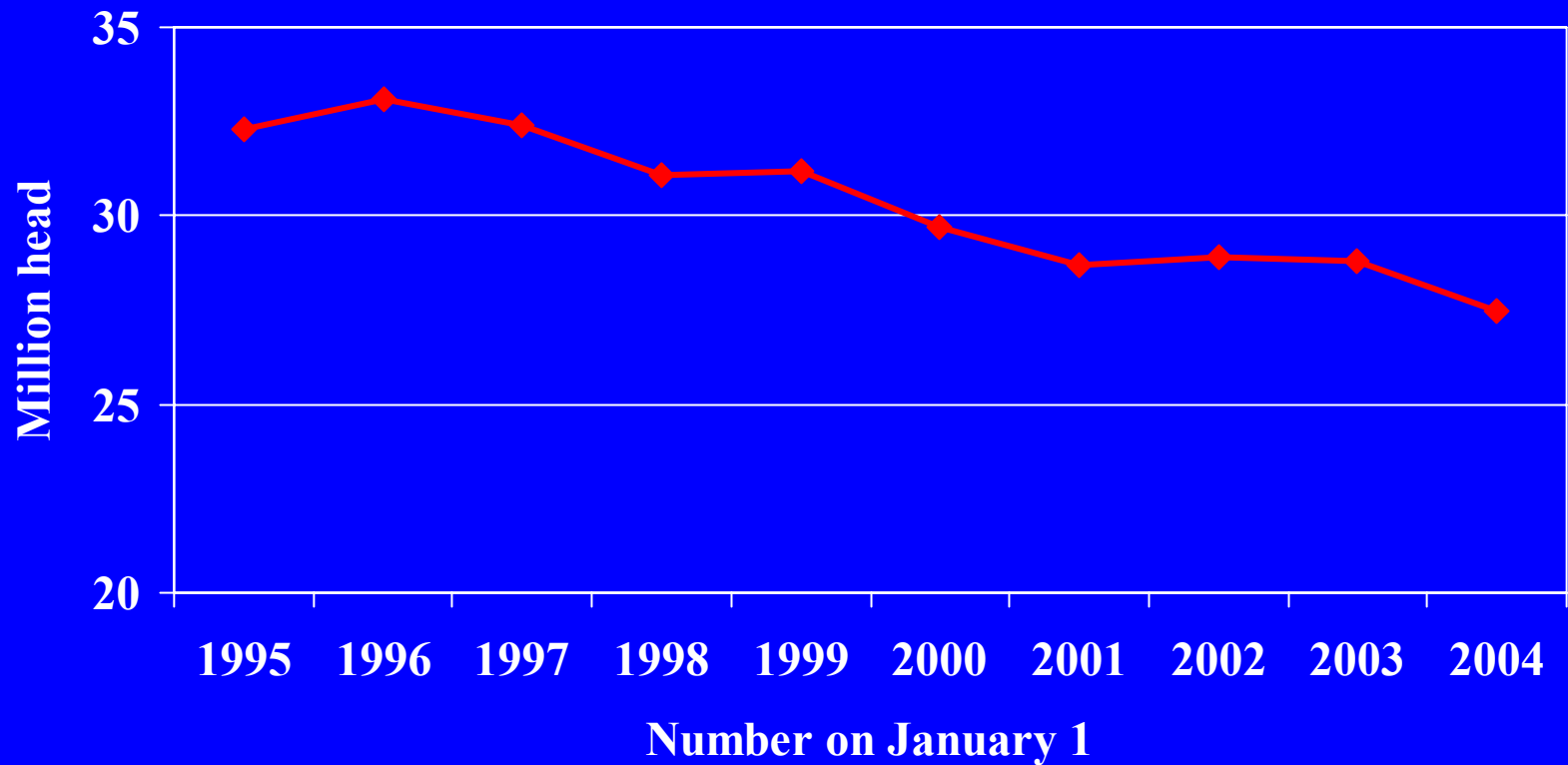
# Cattle Inventory Down 1 Percent to 94.9 Million Head on January 1, 2004



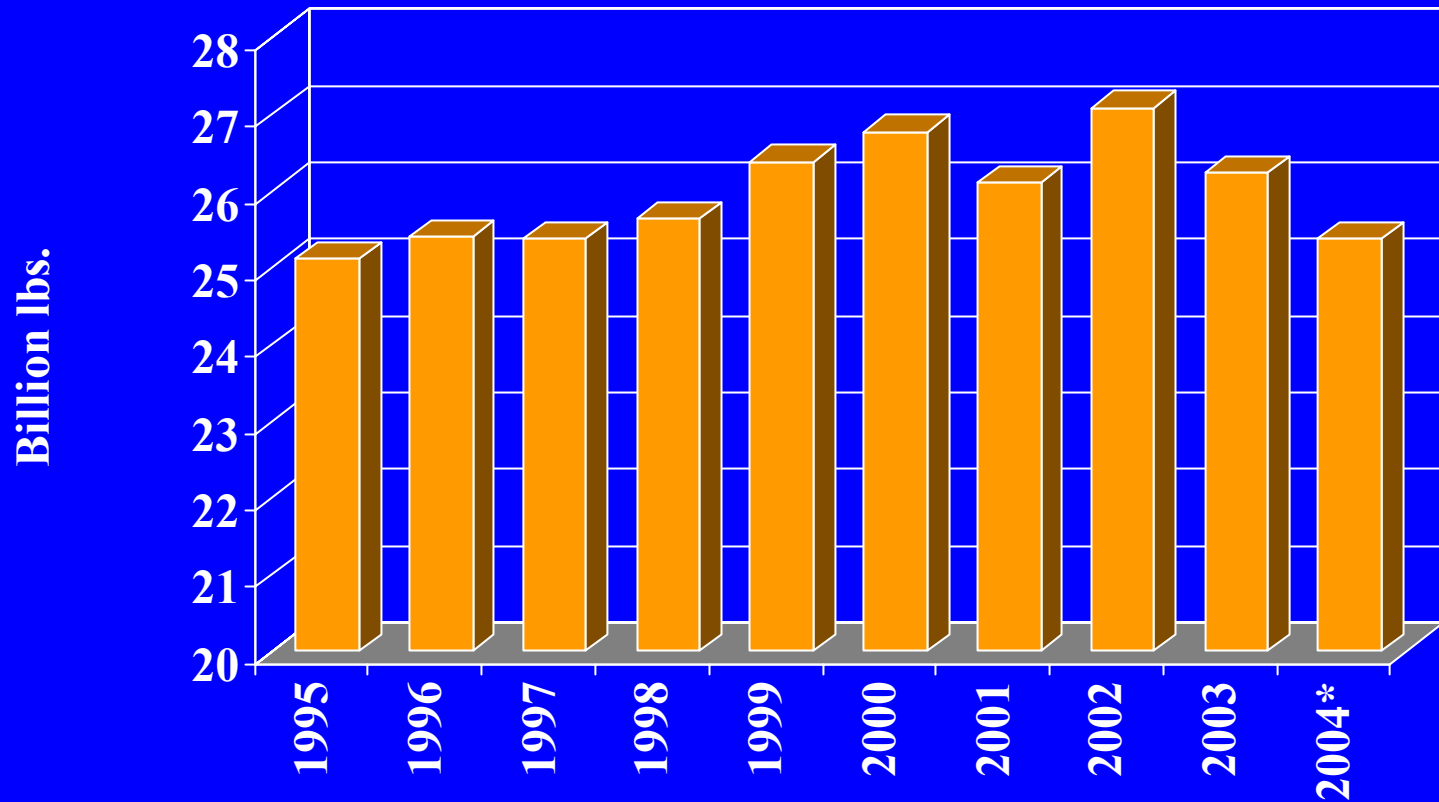
\* Forecast



# Estimated Number of Cattle Outside of Feedlots Down 5 Percent

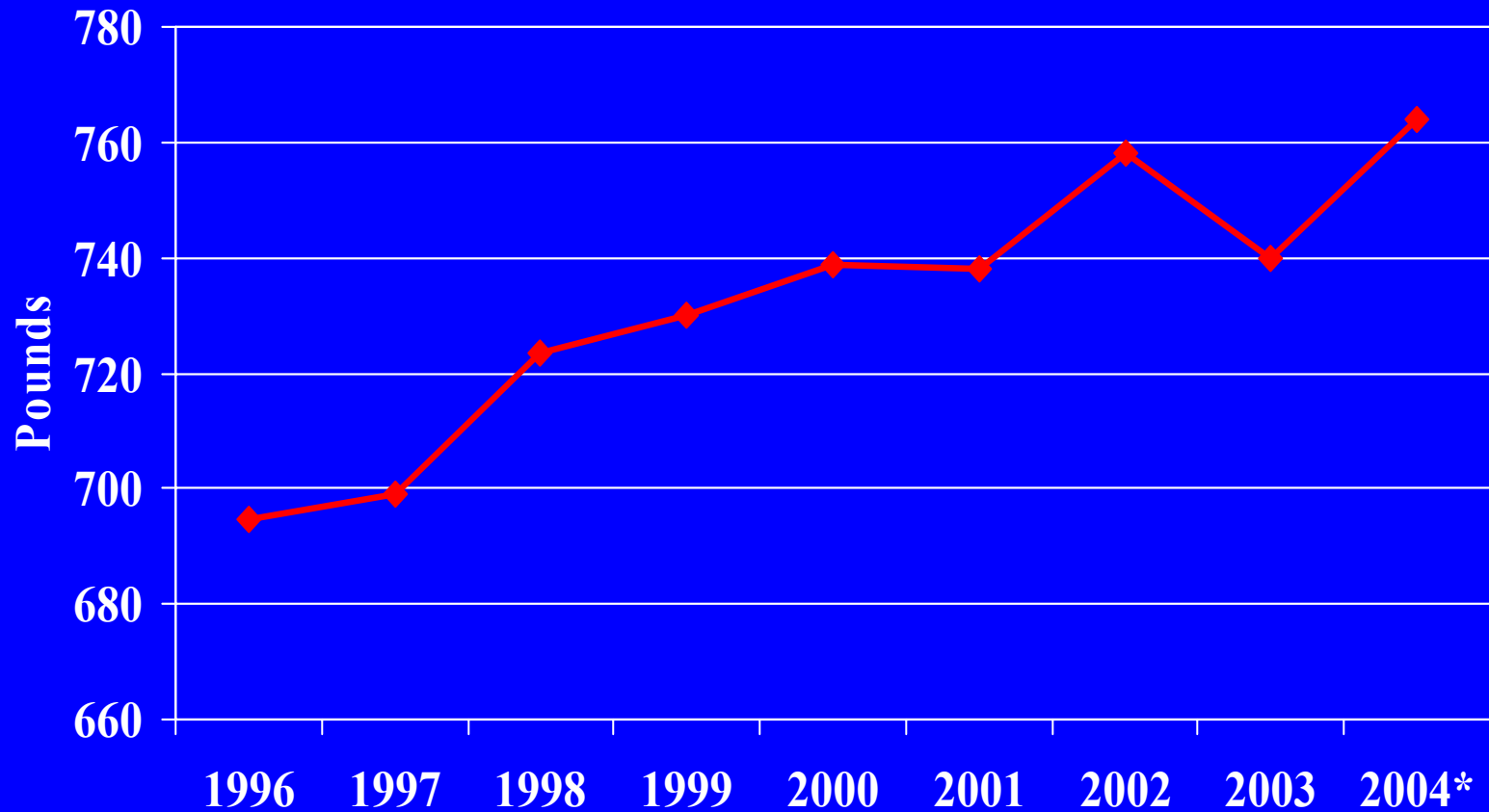


# Commercial Beef Production Forecast to Fall To 25.4 Billion Pounds in 2004



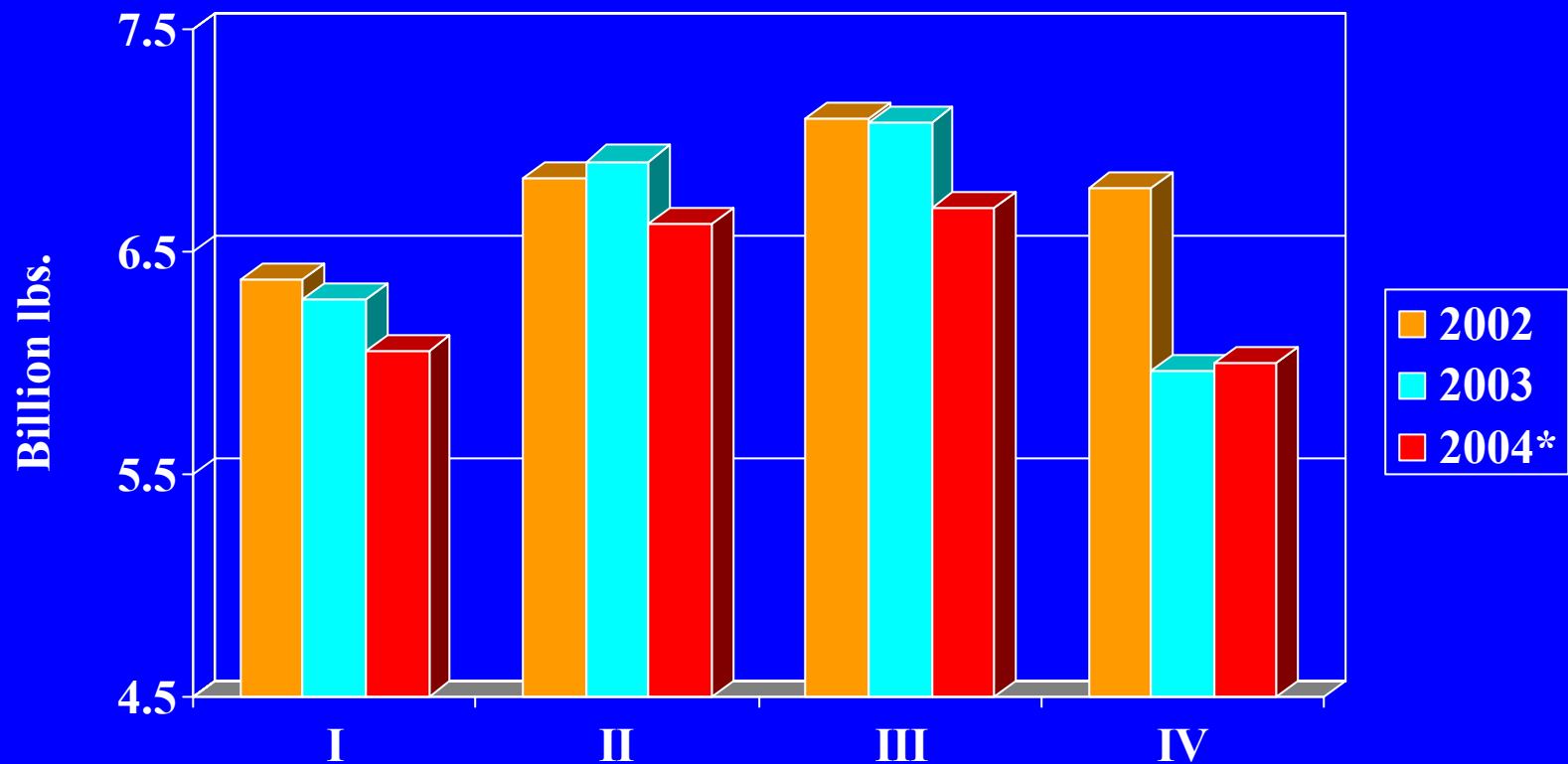
\* Forecast

# Average Carcass Weights Recover



\* Forecast

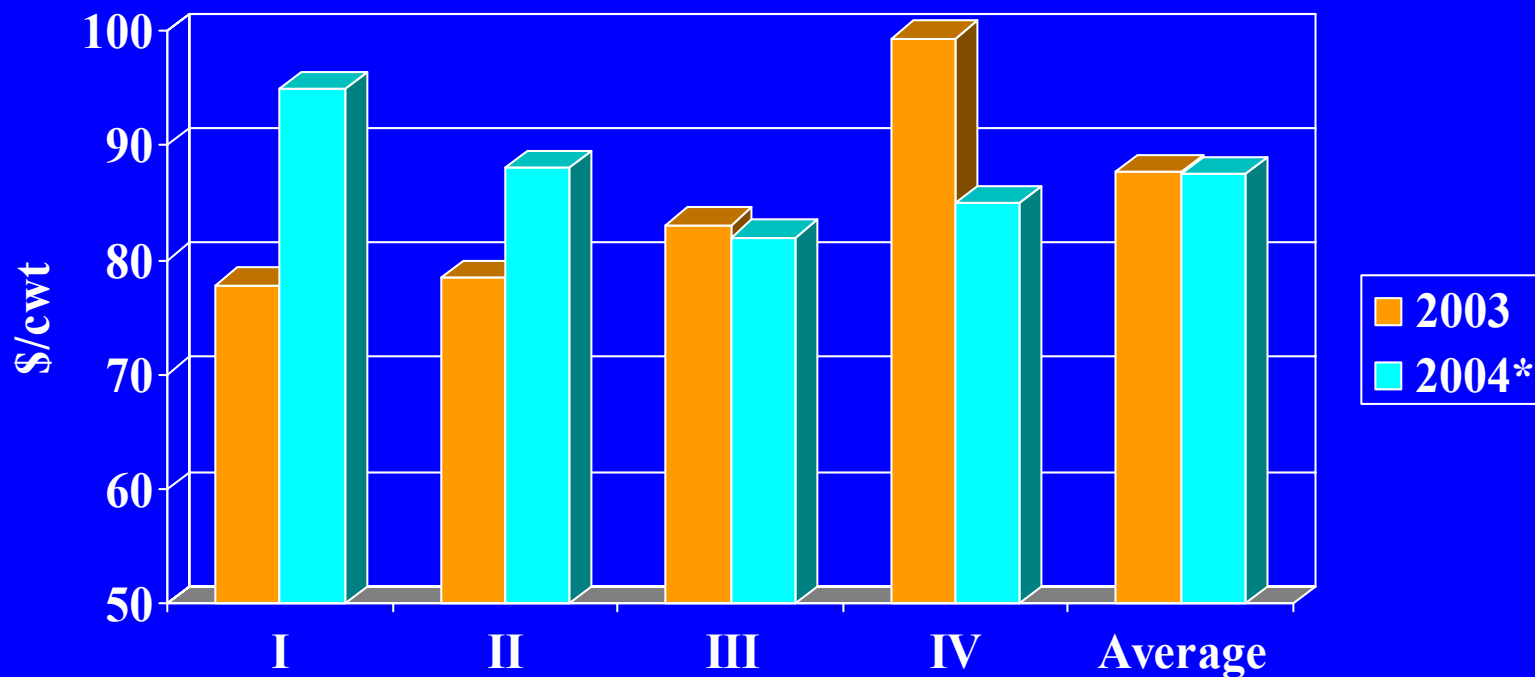
# Beef Production Declines 3-5 Percent Through 3 Quarters, Flattens in 4<sup>th</sup>



\*Forecast

# Prior to BSE Cattle Prices Were Expected To Be in the Mid-\$80's/cwt

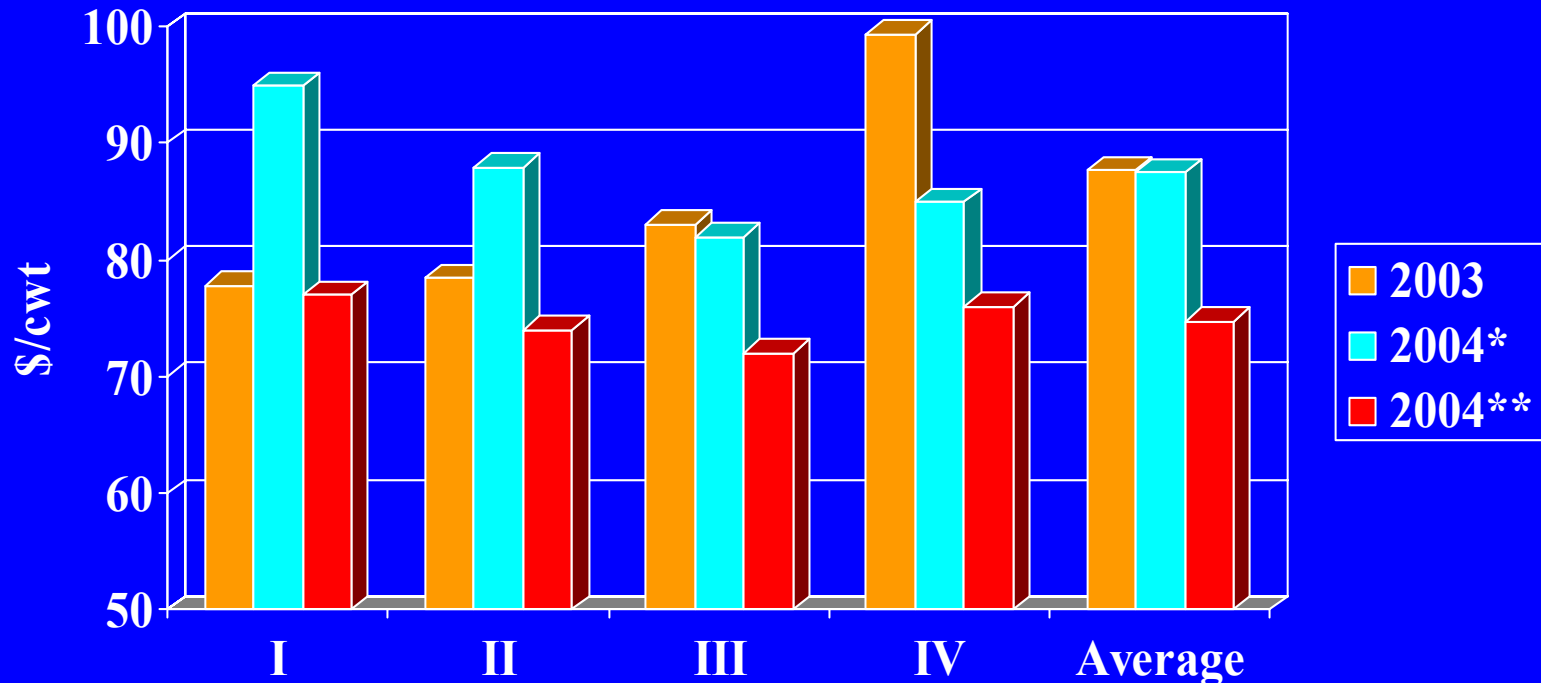
## Nebraska Choice Steers



\* Price Outlook Prior to BSE

# Cattle Prices to Average \$72-\$77/cwt, 15 Percent Lower After BSE

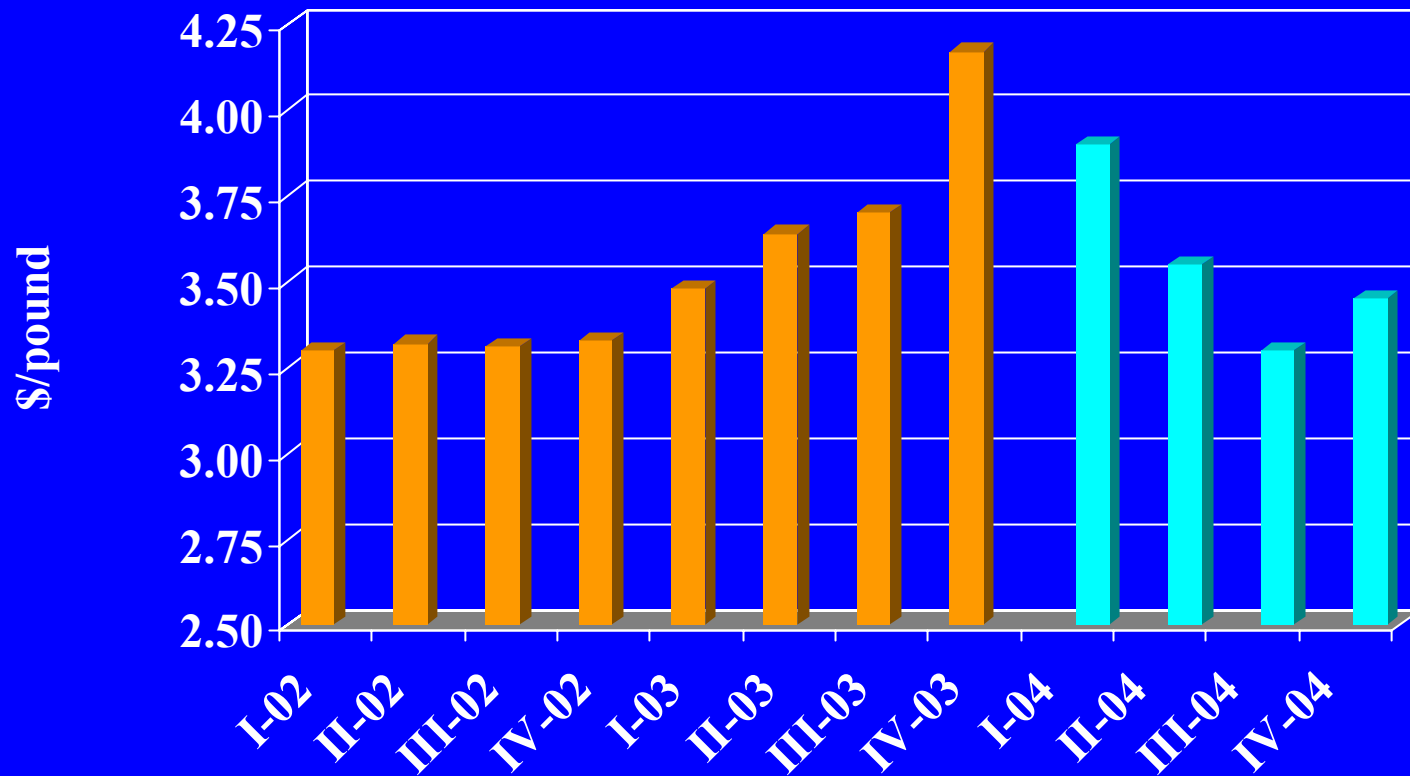
## Nebraska Choice Steers



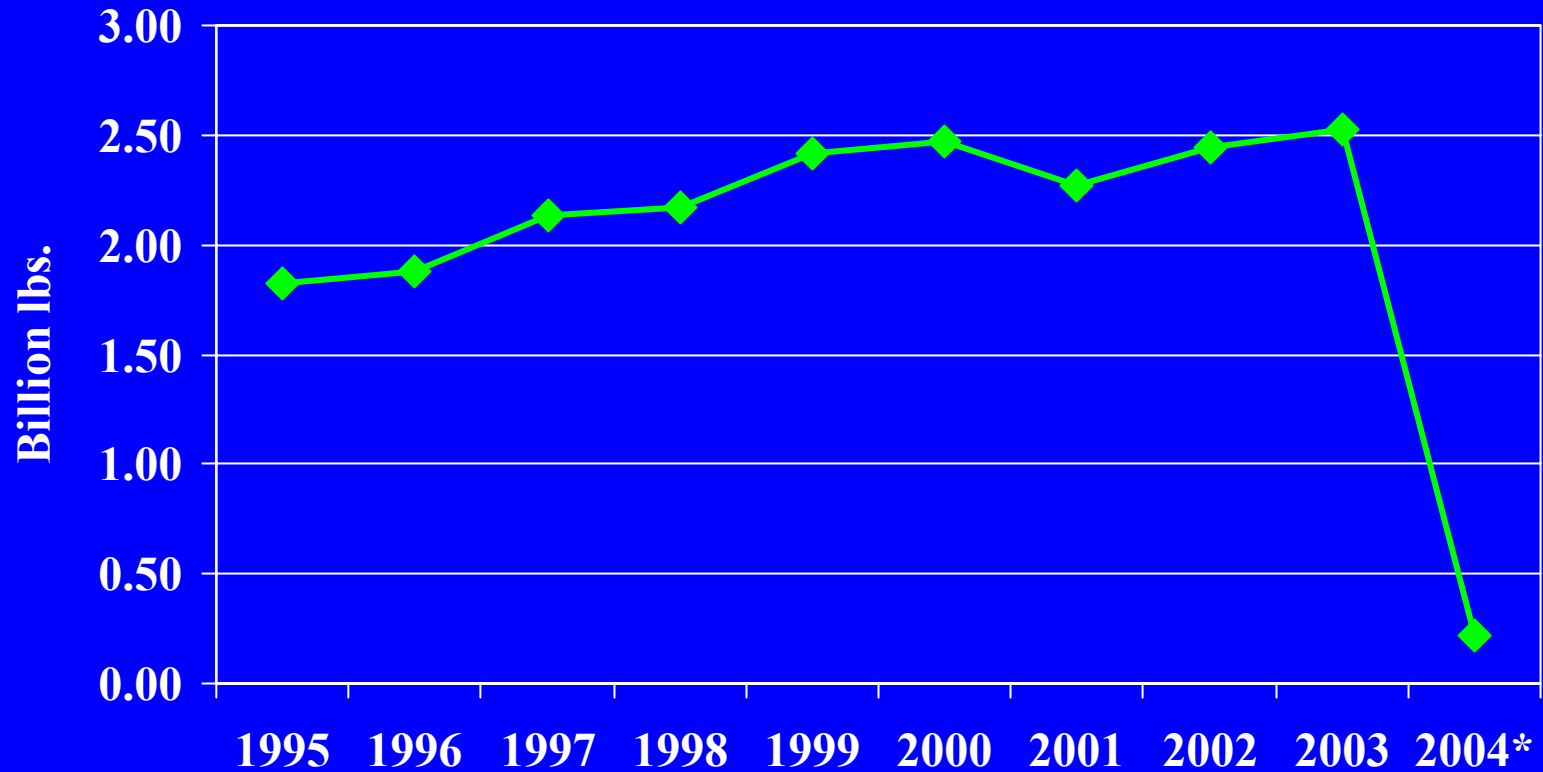
\* Price Outlook Prior to BSE,

\*\* Current Price Outlook

# Retail Beef Prices Peaked At End of 2003, Prices Expected Lower in 2004



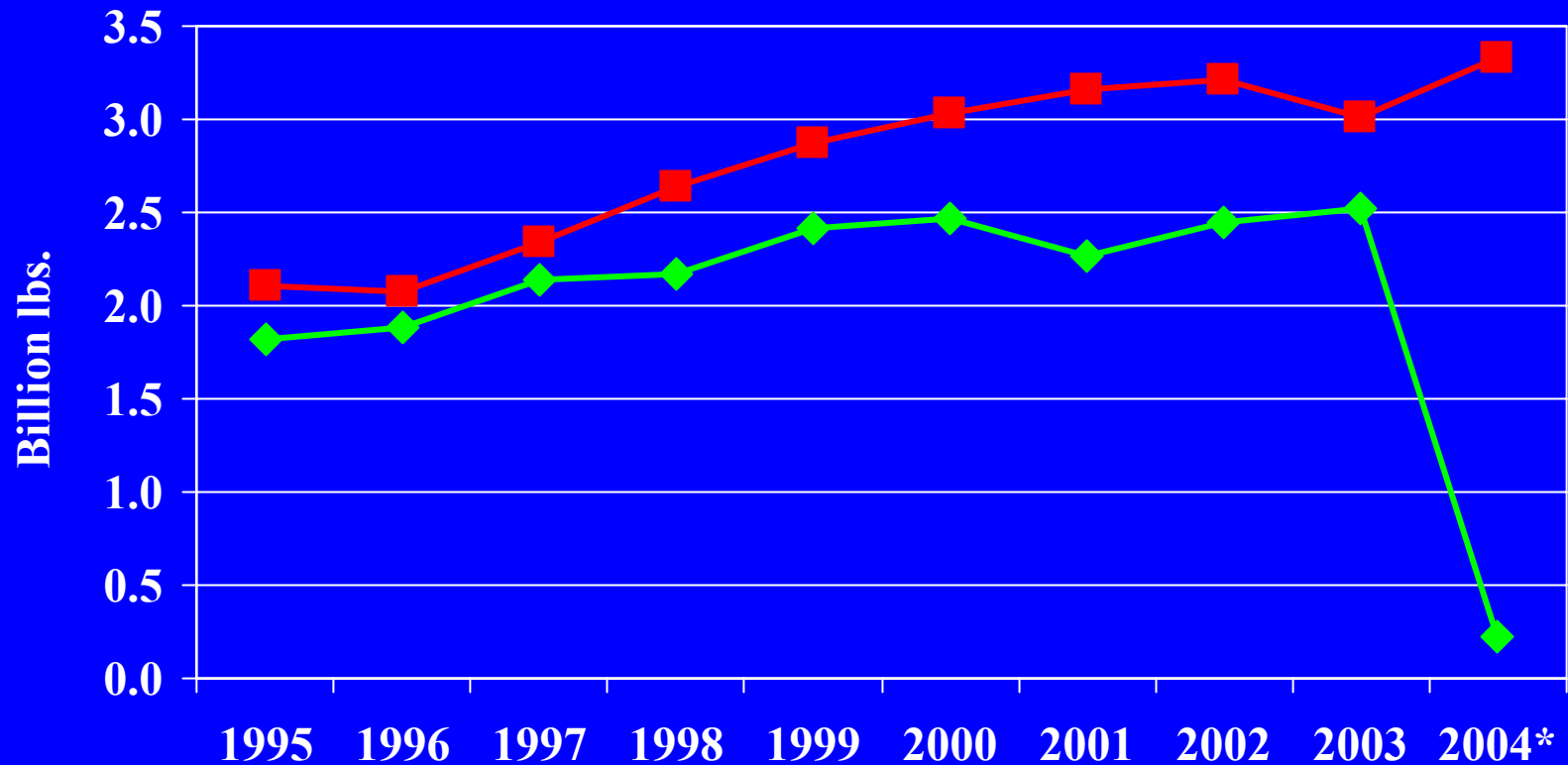
# Beef Exports Shut Off By BSE



\* Forecast

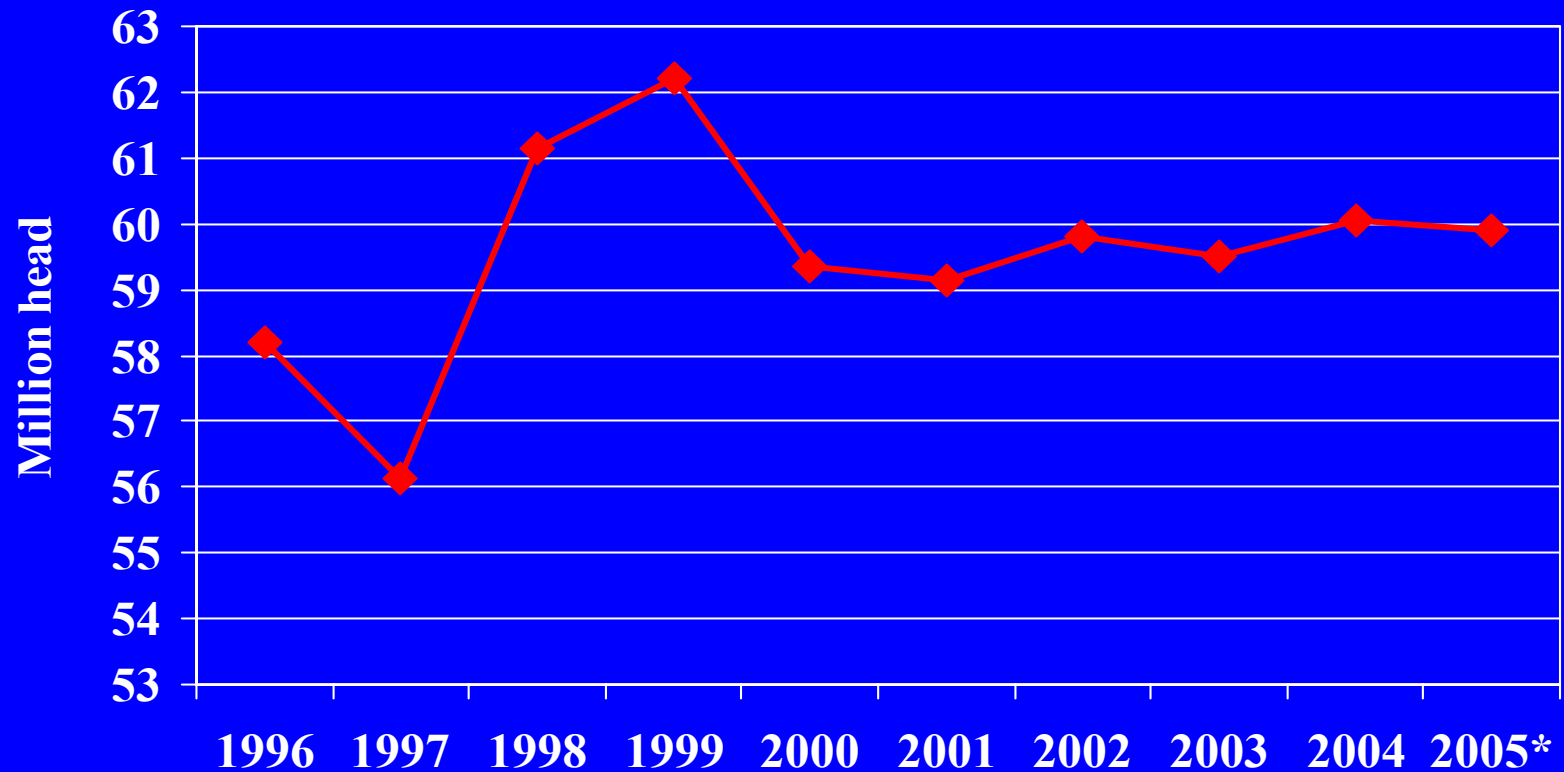


# Beef Exports Shut Off By BSE, Beef Imports Resume Growth



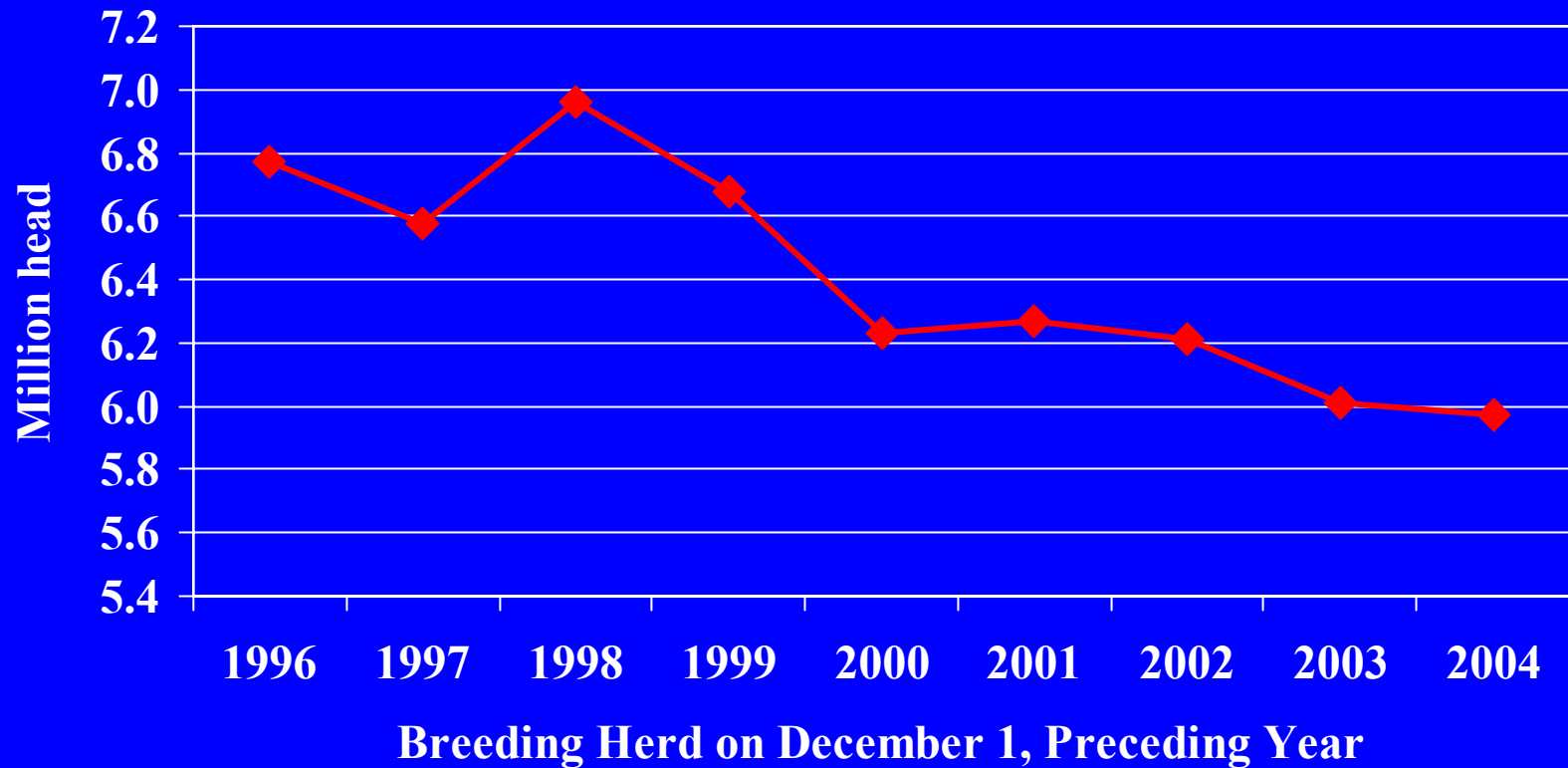
\* Forecast

# Hog Inventory for Beginning of 2004 at 60 Million Head

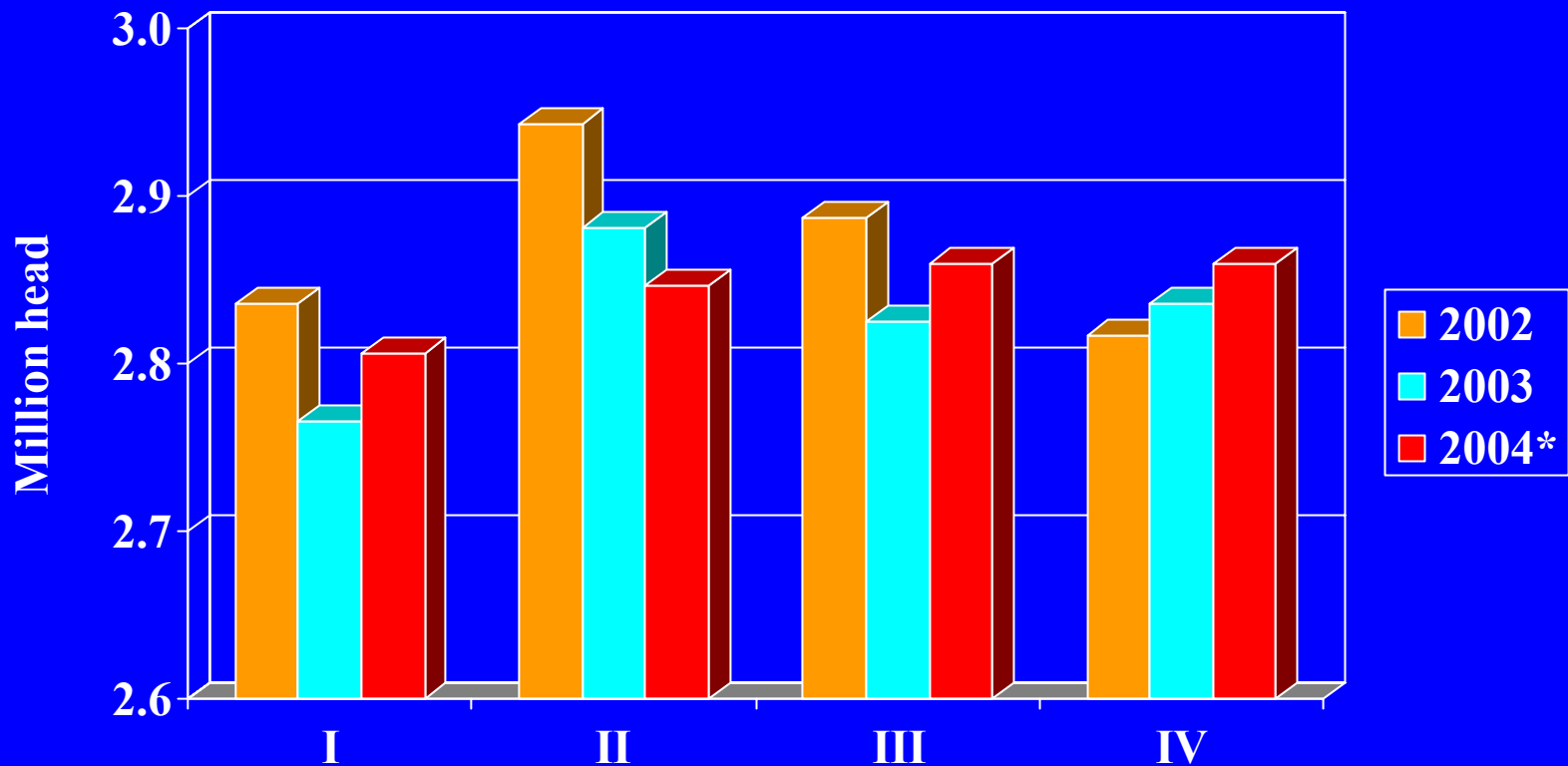


•Forecast

# Breeding Herd Continues to Decline

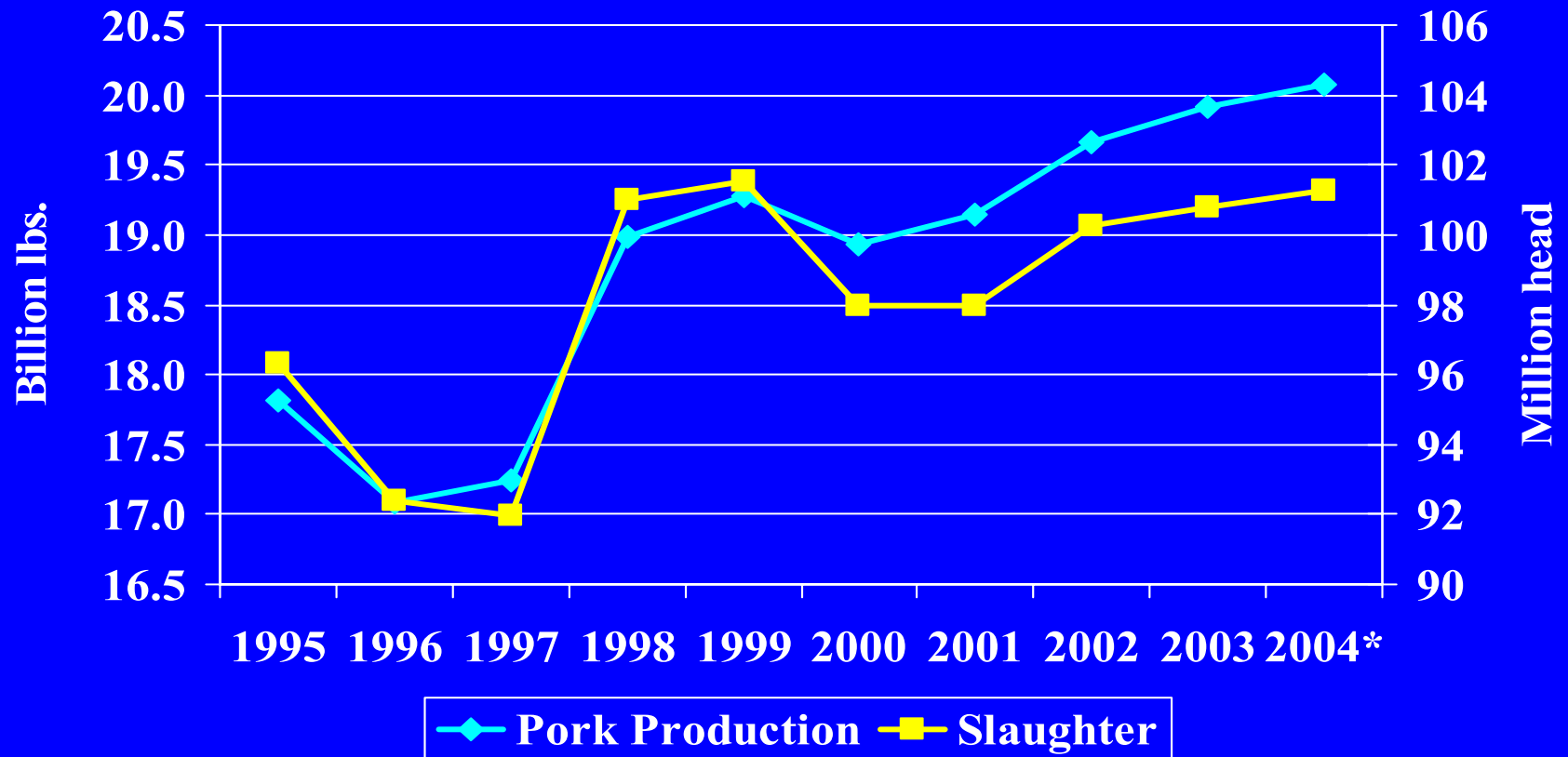


# Sows Farrowing Higher In First Half, Higher But Steady in Second



\* First Half Reported Intentions,  
Second Half Forecast

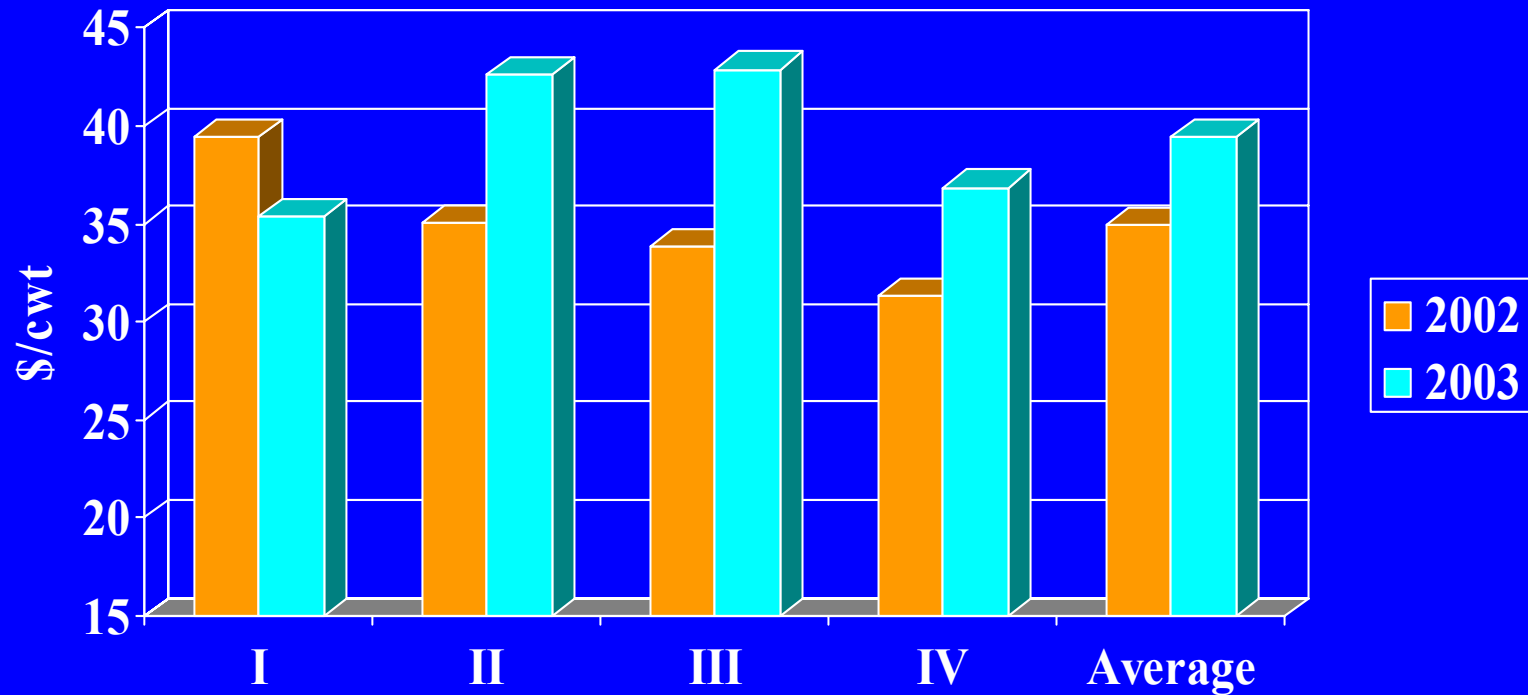
# Pork Production at Record 20.1 Billion Pounds, Slaughter Rises More Slowly



\* Forecast

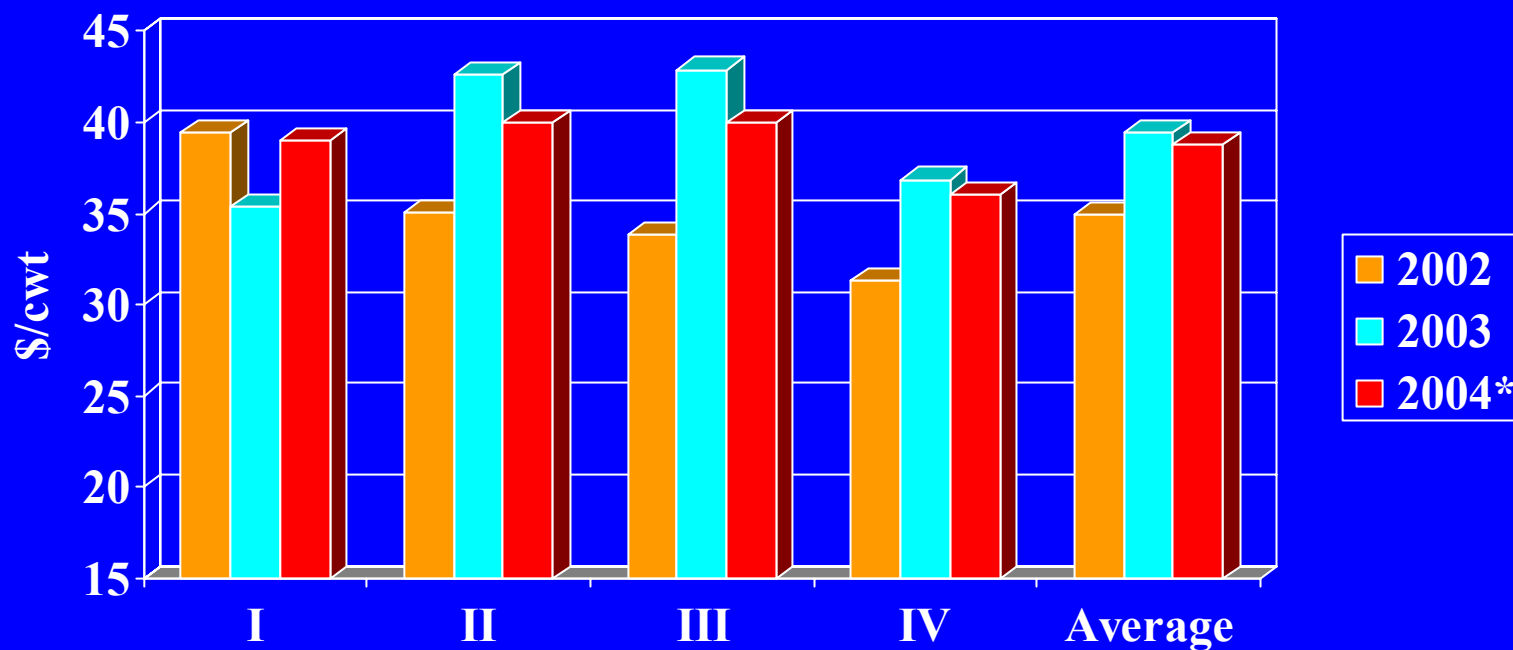
# Hog Prices Advanced in 2003 Despite Production Gains

National Base, Live Equivalent



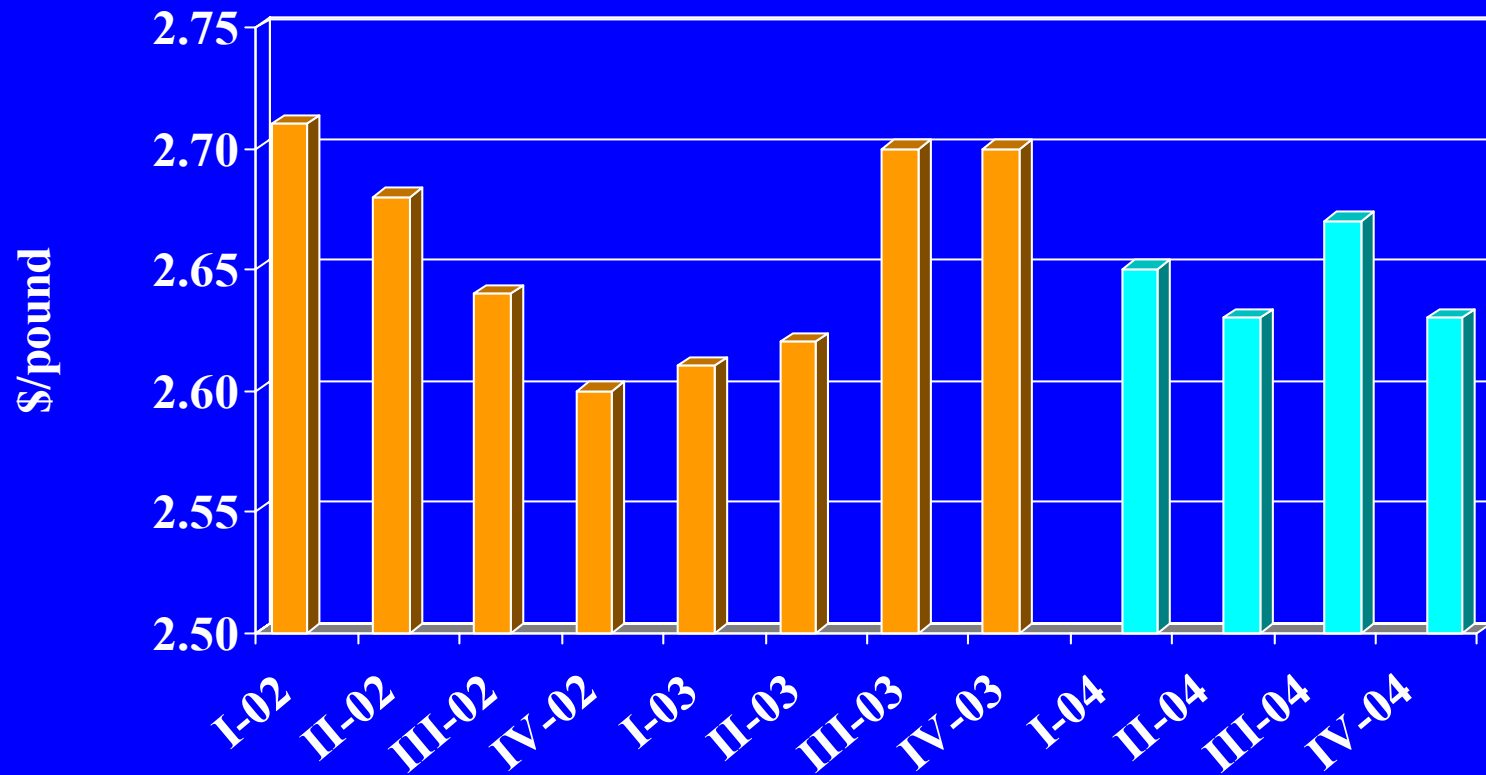
# Hog Prices in 2004 Will Average \$38-40/cwt

National Base, Live Equivalent



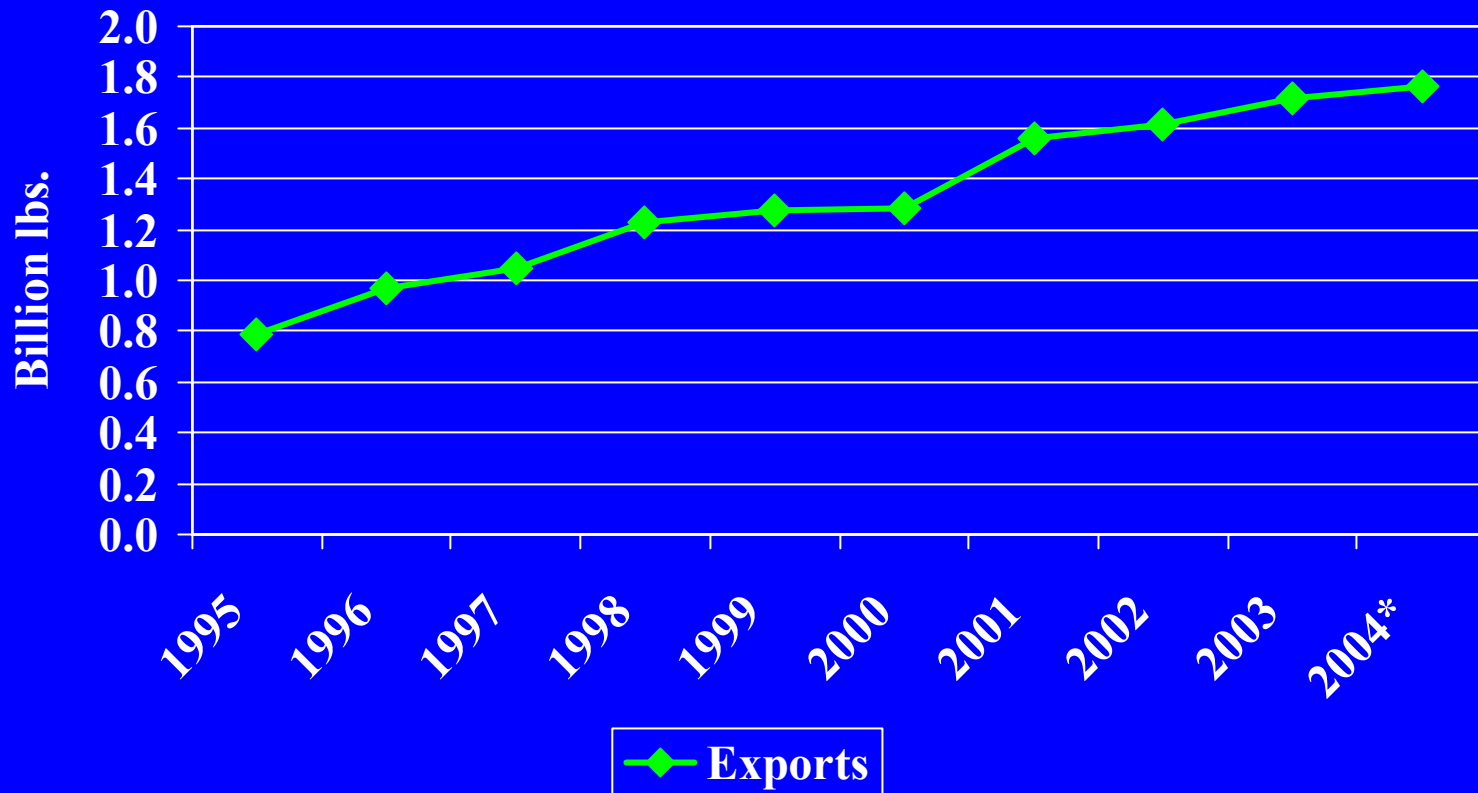
\* Forecast

# Retail Pork Prices Average About the Same As Last Year



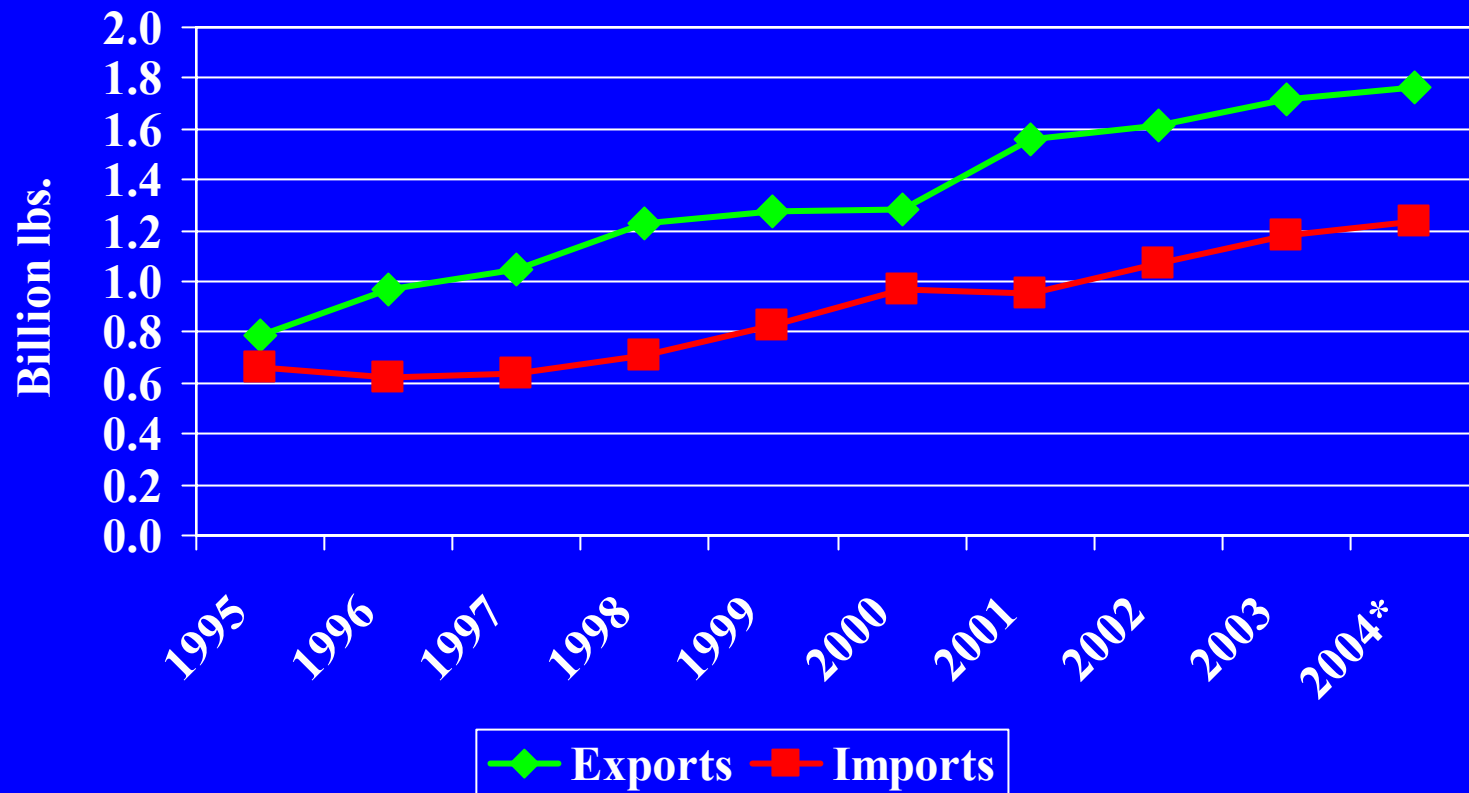


# Demand for Pork Exports Stays Firm, Expected At a Record 1.77 Billion Pounds



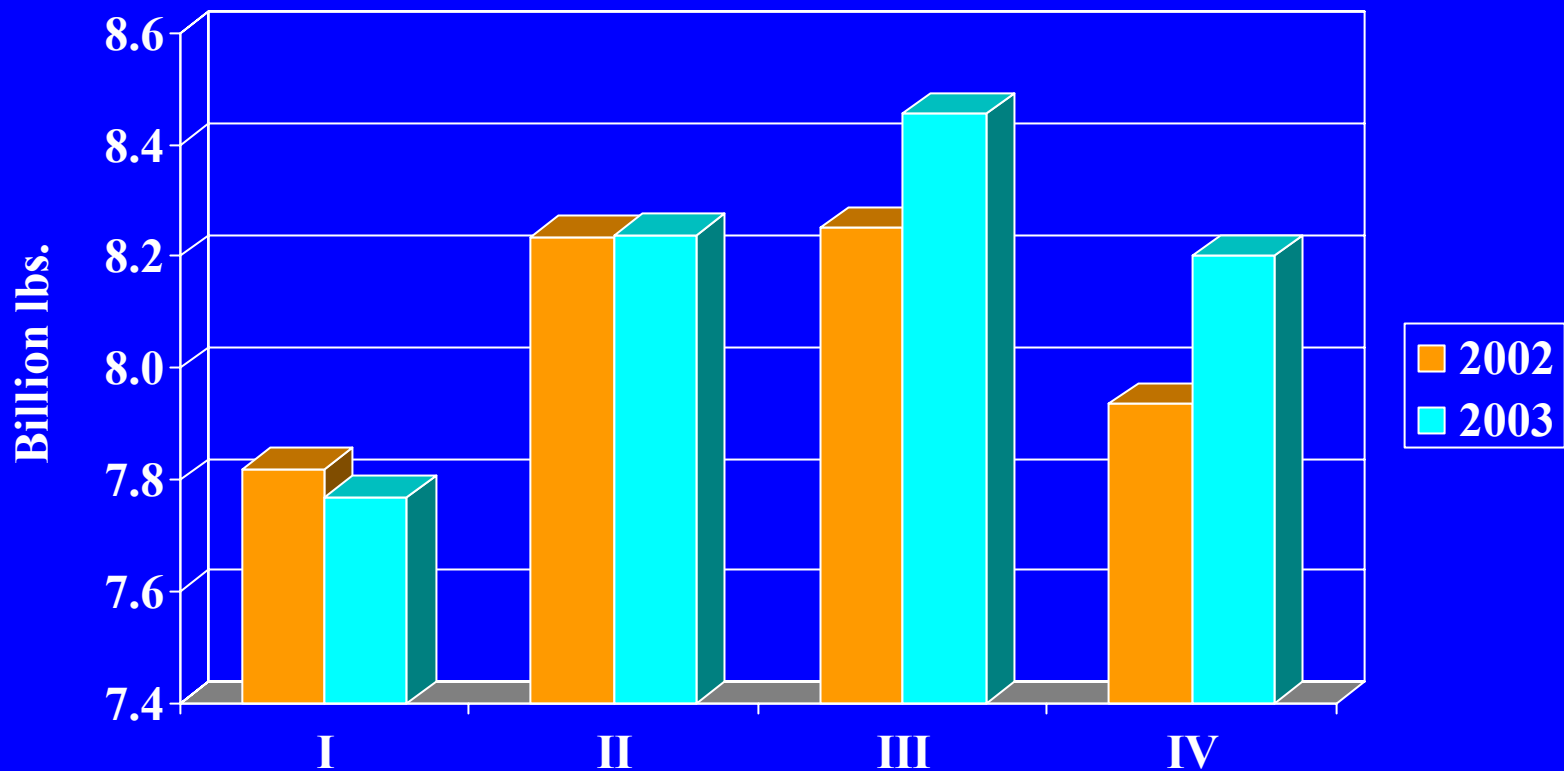
\* Forecast

# Demand for Pork Exports Stays Firm, Pork Import Growth Slows

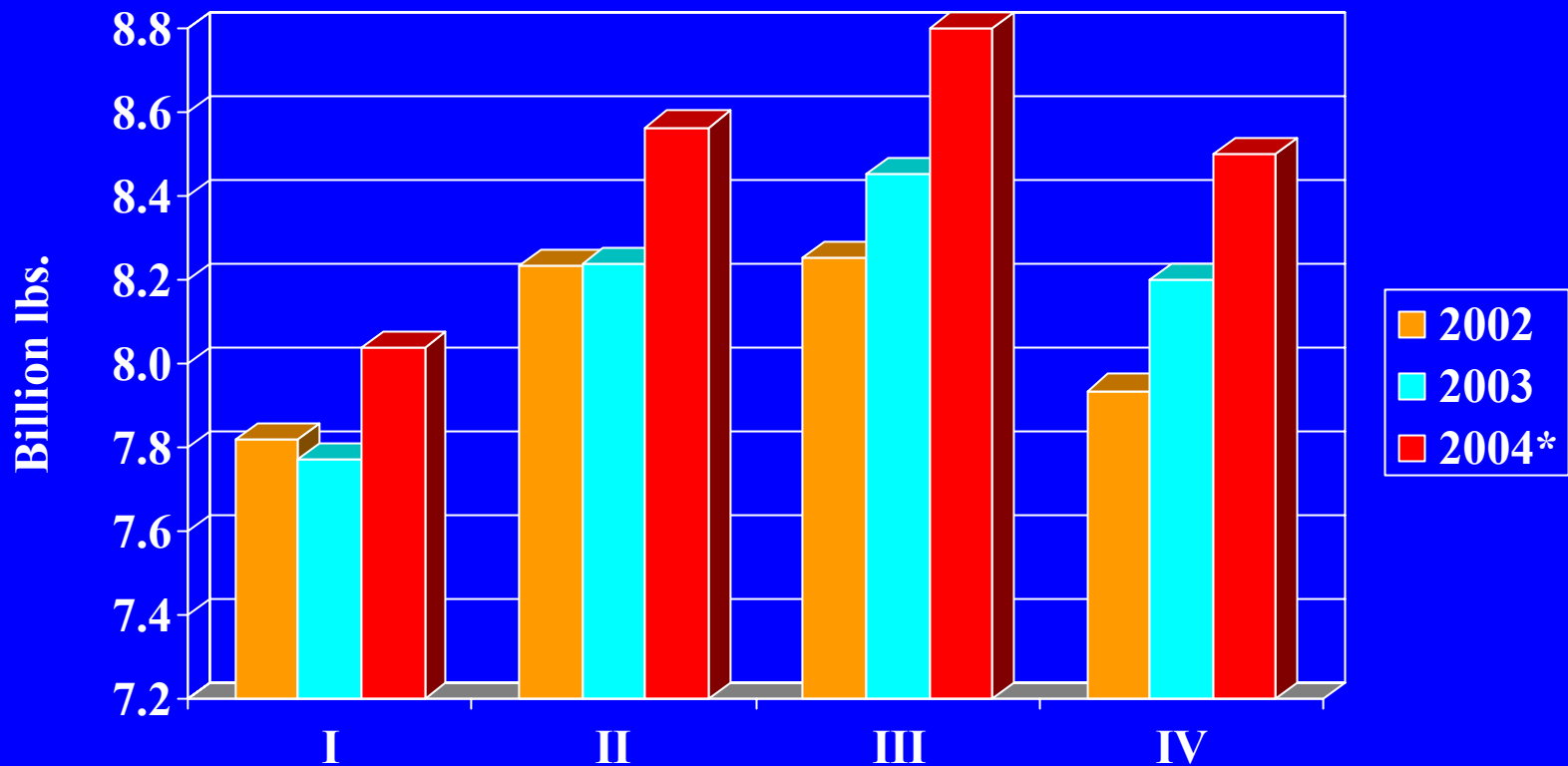


\* Forecast

# Broiler Production Declined During First Part of 2003



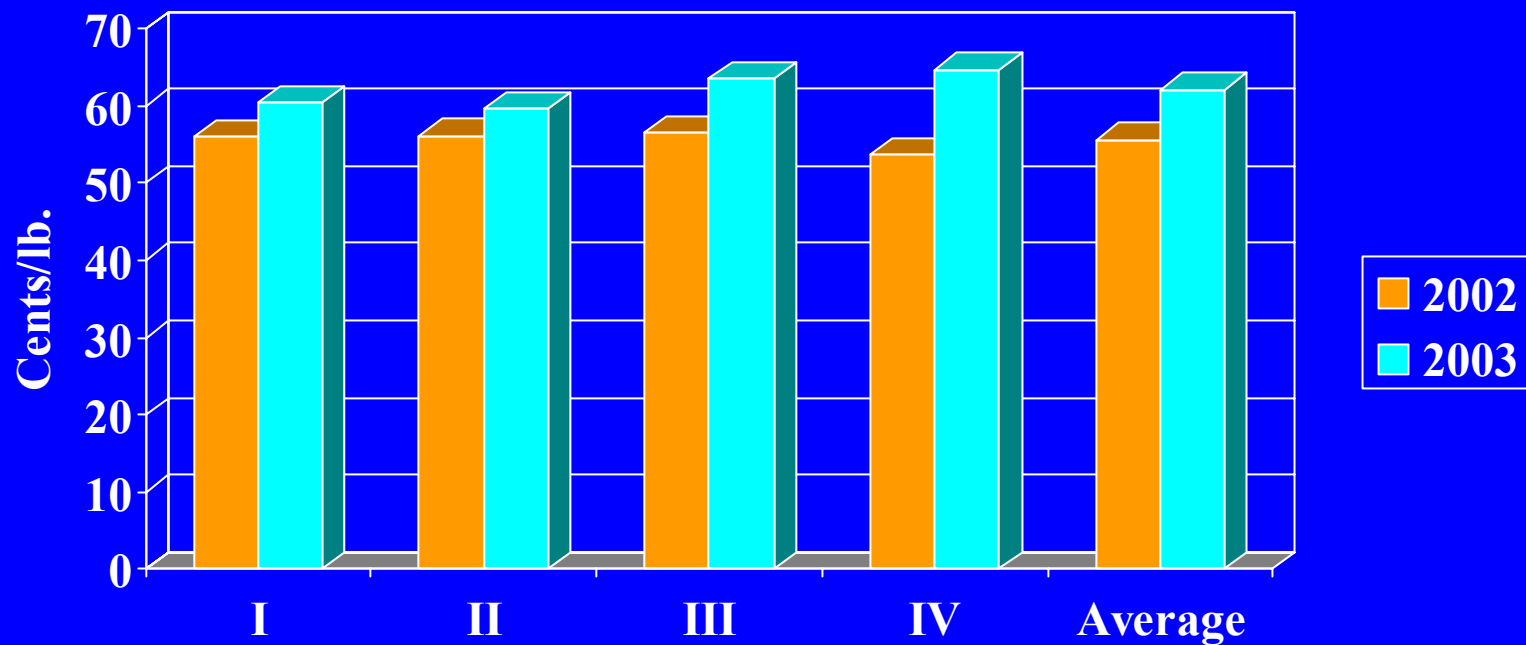
# Broiler Production Expands 3-4 Percent, Forecast at 33.9 Billion Pounds



\* Forecast

# Broiler Prices Strengthened As Production Slowed and Demand Rose

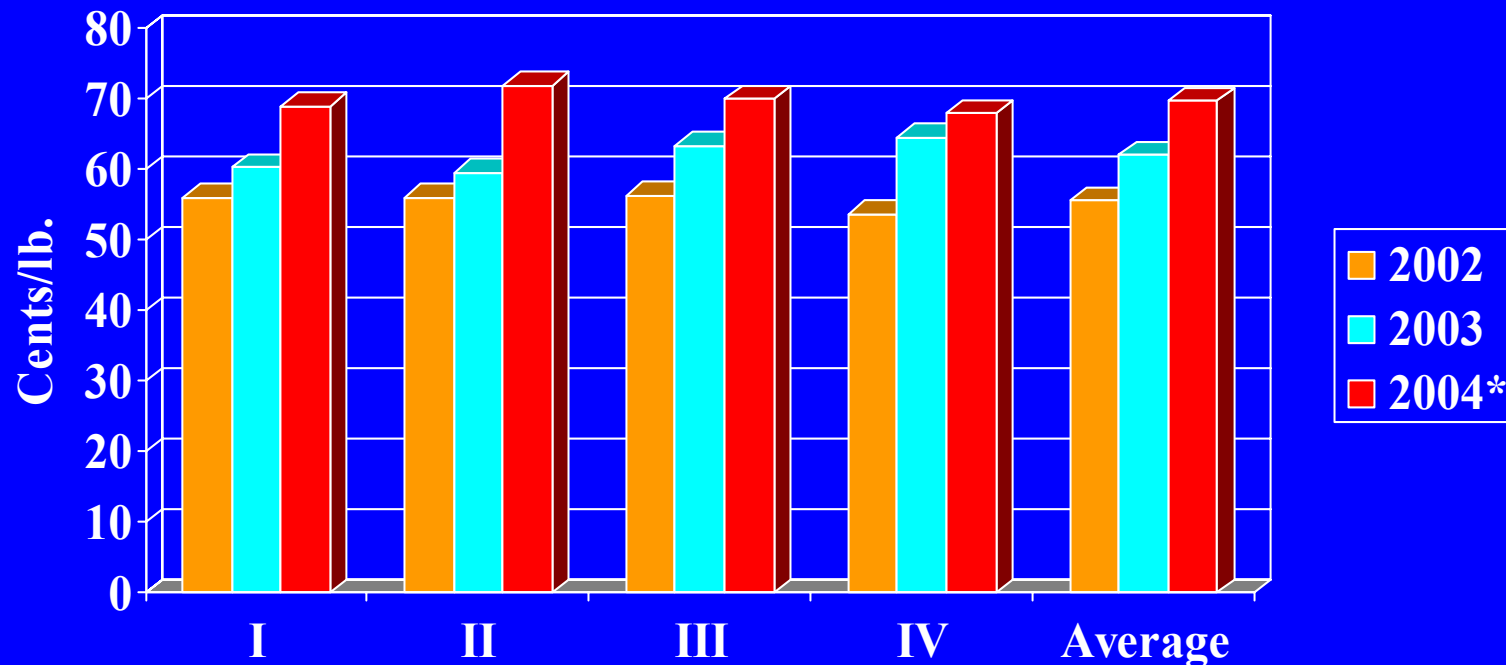
## 12-City Wholesale



# Broiler Prices Average Record 68-72

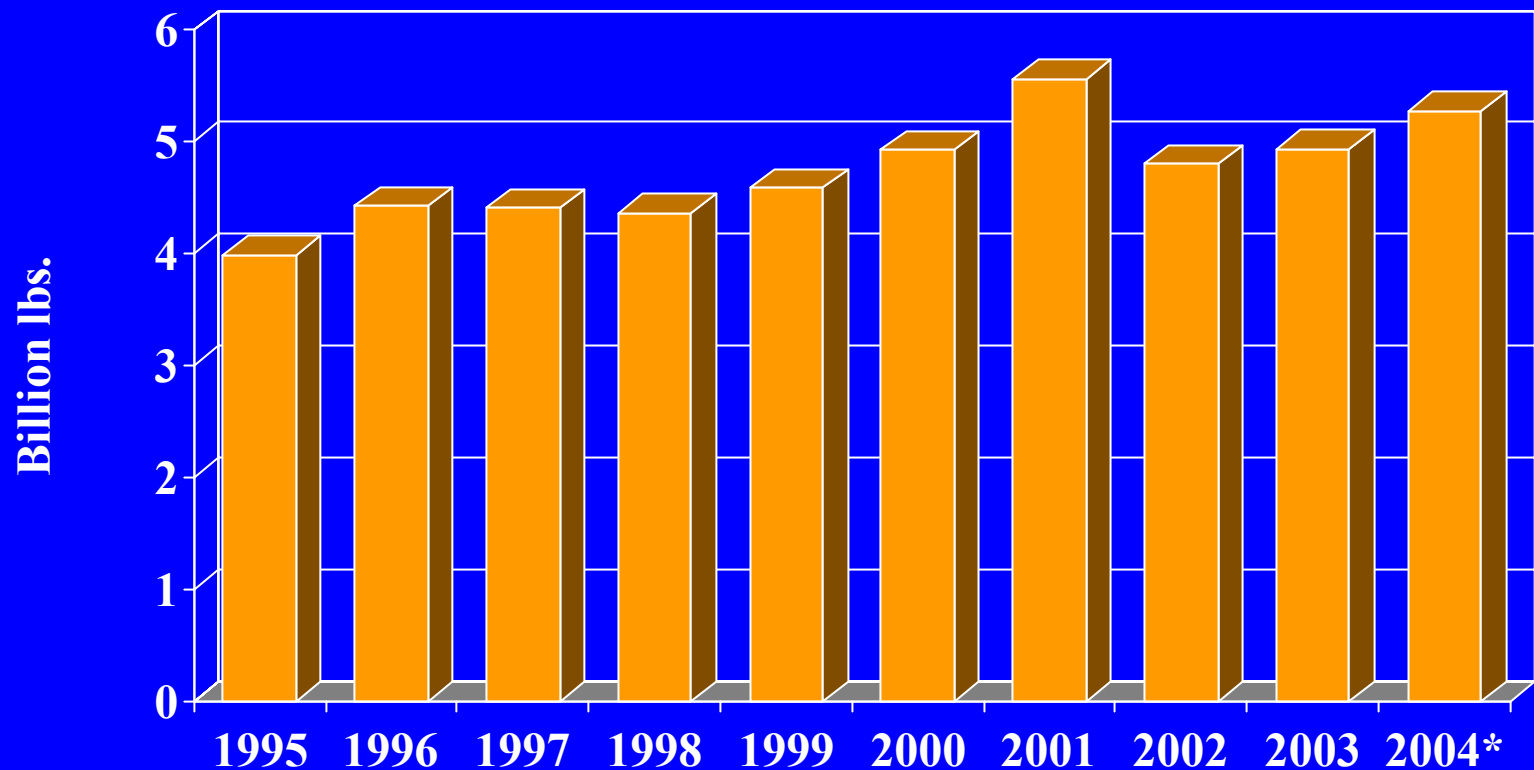
## Cents Per Pound in 2004

12-City Wholesale



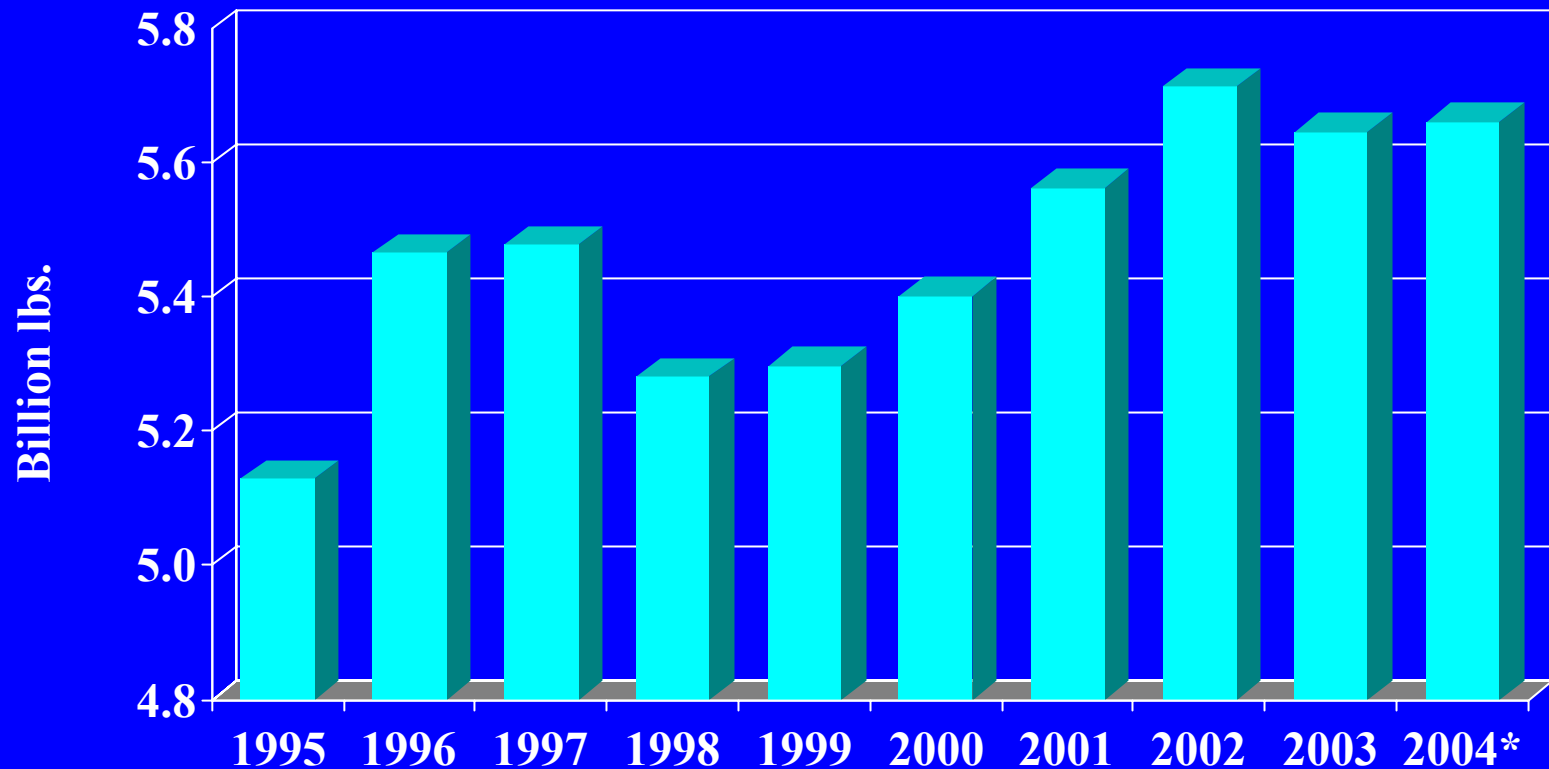
\* Forecast

# Broiler Exports Continue to Rebound, Forecast at Nearly 5.3 Billion Pounds



\* Forecast

# Turkey Production Forecast At 5.7 Billion Pounds in 2004

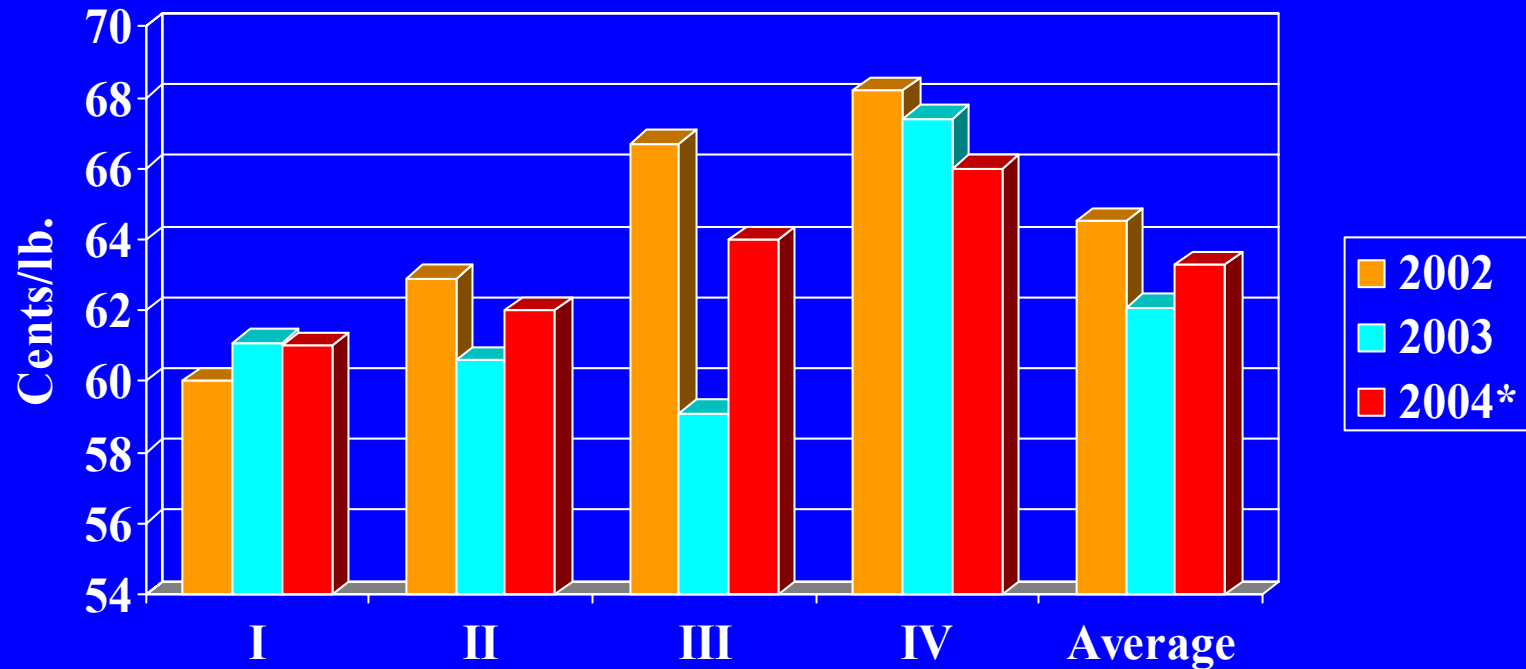


\* Forecast

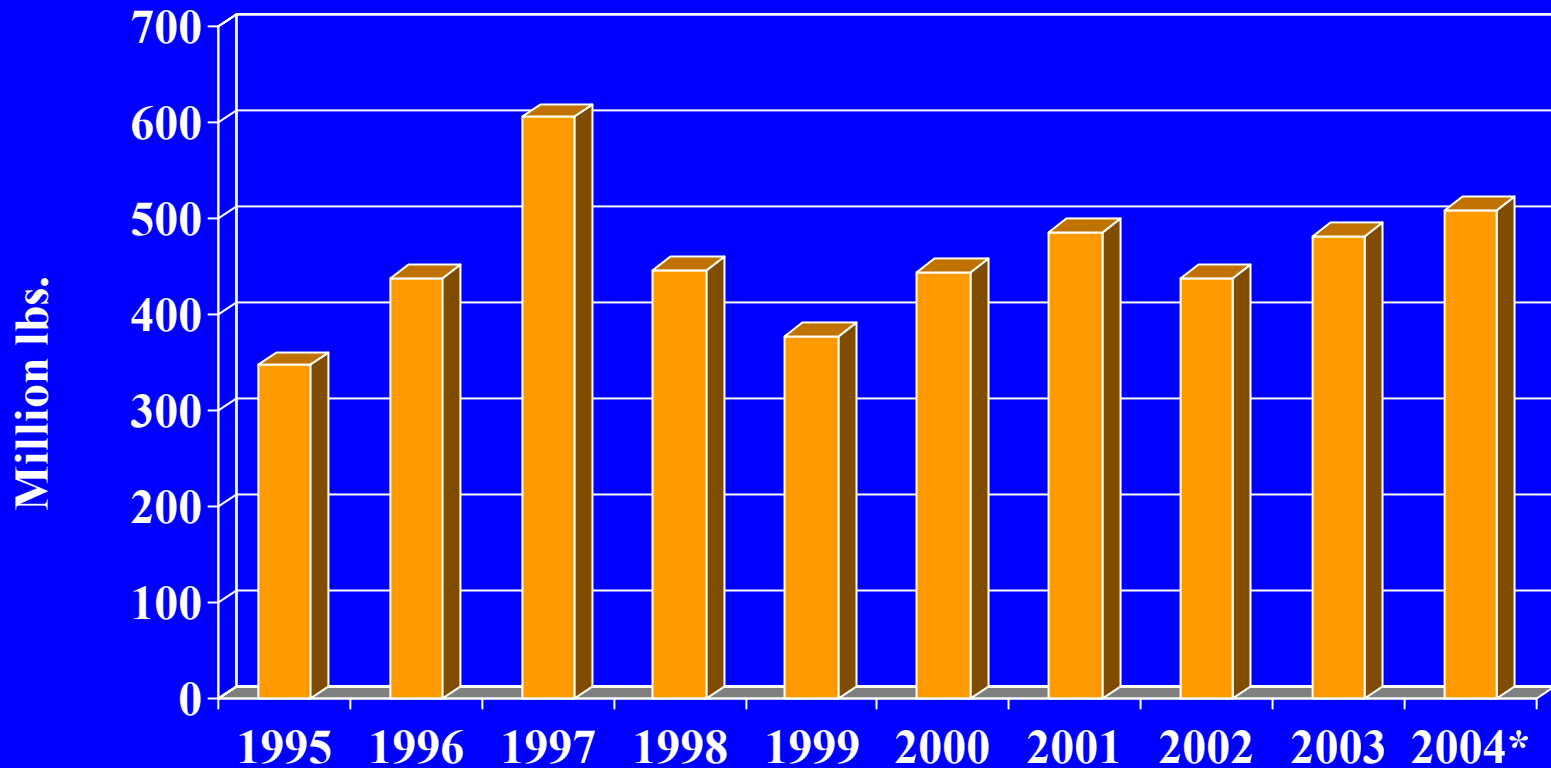


# Turkey Prices in 2004 Forecast at 61-65 Cents Per Pound

Eastern Hens, 8-16 lbs.

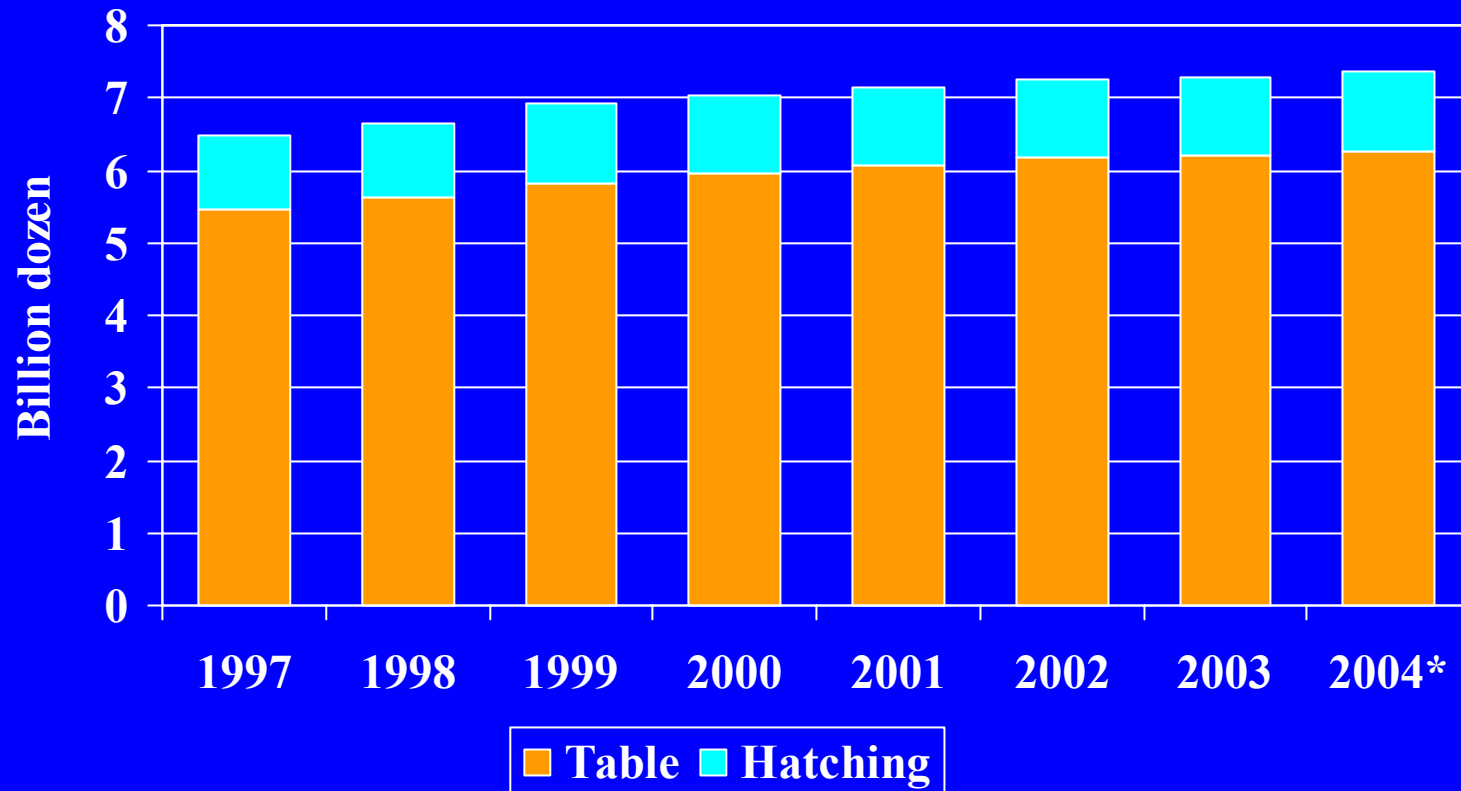


# Turkey Exports Rise in 2004 to 510 Million Pounds



\* Forecast

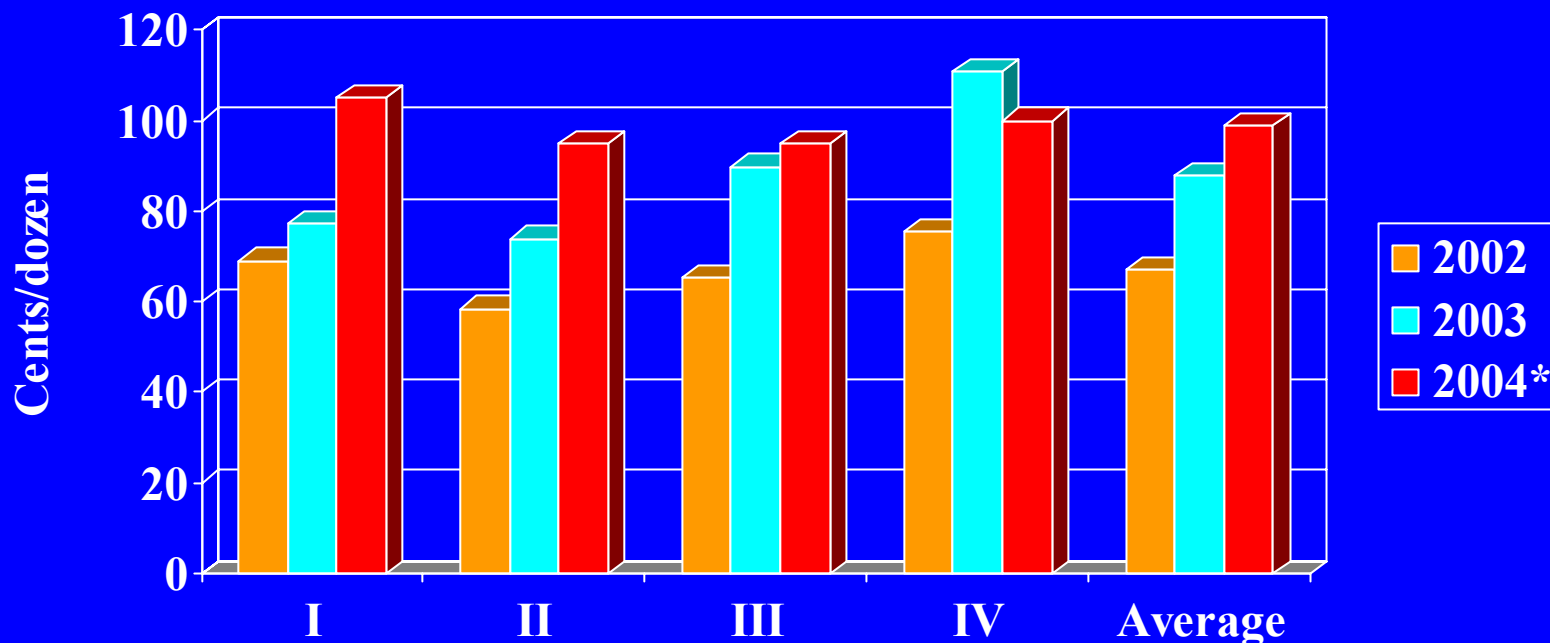
# Egg Production Little Changed At 7.4 Billion Dozen



\* Forecast

# Egg Prices Forecast at Record 96-102 Cents Per Dozen

Wholesale, Grade A, Large, NY



**Additional information on the outlook for 2004 is available on the following websites:**

- World Agricultural Supply and Demand Estimates
  - [www.usda.gov/agency/oce/waob/waob.htm](http://www.usda.gov/agency/oce/waob/waob.htm)
- Livestock, Dairy, and Poultry Situation and Outlook
  - [www.ers.usda.gov/publications/ldp/](http://www.ers.usda.gov/publications/ldp/)
- Livestock and Poultry: World Markets and Trade
  - [www.fas.usda.gov/dlp/dlp.html](http://www.fas.usda.gov/dlp/dlp.html)